Attachment 1 cont'd

Exhibit A

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

AT&T SERVICES, INC. AND SOUTHERN NEW ENGLAND TELEPHONE COMPANY D/B/A AT&T CONNECTICUT, INC., Complainants, v. RAINBOW MEDIA HOLDINGS, LLC AND CABLEVISION SYSTEMS CORP., Defendants.	File No.______________

DECLARATION OF DANIEL YORK

1. My name is Daniel York. My business address is 1880 Century Park East, Suite 1101, Los Angeles, CA 90067.

2. Since November 2004, I have held the position of Executive Vice President – Content and Programming for AT&T. In my position I am responsible for developing AT&T's video content strategy and acquiring video content for the Project Lightspeed initiative. Before joining AT&T, I was Senior Vice President of Programming and Development for iN DEMAND Networks, LLC, a leading video-on-demand and pay-per-view company. I previously was employed by Home Box Office for over 12 years, most recently as Vice President and General Manager of HBO Pay-Per-View/Time Warner Sports.

AT&T'S IP VIDEO SERVICE

3. Project Lightspeed is AT&T's program to upgrade its communications networks by deploying high-capacity fiber-optic facilities closer to residential customers. This multi-

billion dollar investment will increase the amount of bandwidth available to residential end users in AT&T's local service territory and allow AT&T to provide bundles of broadband communications services over integrated facilities. Those broadband services include enhanced voice services (including Voice over Internet Protocol or "VoIP"), high-speed Internet access, and Internet Protocol video services sold under the service name of AT&T U-verse[sm] TV ("IP video," which is sometimes referred to as "IPTV").

4. AT&T's IP video service is an inherently interactive, two-way means of offering video services. AT&T's service employs effectively the same packet switching method by which information is sent from one computer to another on the Internet. Messages – in this context, video signals – are divided into packets before they are sent. Each packet is then transmitted individually. Different packets can even follow different routes to their common destination. Once all the related packets arrive at a destination, they are reassembled into the original message (*i.e.*, video stream).

5. From the end user's perspective, IP video service is able to provide programming content that is similar to the programming available from multichannel video programming distributors ("MVPDs") that use traditional technologies, including cable television and direct broadcast satellite ("DBS") television. An IP video subscriber might watch a retransmission of broadcast network television, or popular cable channels such as ESPN, CNN, or HBO. An IPTV video service might also allow the subscriber to download movies or other programming on demand, to be watched at the viewer's convenience.

6. In addition to those familiar features, AT&T is developing video features that make use of the increased bandwidth available through the fiber-rich Project Lightspeed network, and the ability of those facilities to support video, voice, and Internet data transmissions

on an integrated basis using similar packet technology. For instance, the U-verse^{sm} TV service that AT&T has introduced currently offers:

- picture-in-picture functionality that allows subscribers to "channel surf" without leaving the program they are watching and without having to buy a television set with picture-in-picture technical capability;
- faster channel-changing than digital cable or DBS services;
- more high-definition ("HD") programming than cable competitors currently offer;
- an HD-capable digital video recorder ("DVR"), which allows customers to pause, rewind, replay and record live TV, at no extra charge with most programming packages;
- the ability to record up to four programs at once;
- remote access to the DVR via the World Wide Web or an AT&T wireless device; and
- advanced search capabilities so customers can search for programs using title or actor's name.

7. Additional, planned features of AT&T's IP video service include the ability to:

- select different camera angles or audio feeds;
- request additional content of particular interest to the customer, including interactive, "converged" Internet-sourced content that the customer can view on a real-time basis while simultaneously watching video programming content (such as obtaining sports score updates with Internet-sourced data while viewing a game); and
- interaction with "triggers" in video streams that, for example, would allow customers to vote in a news poll or have collated voting data appear on-screen in real time.

AT&T'S U-VERSE^{SM} TV SERVICE

8. In June 2006, AT&T made its initial launch of the U-verse^{sm} TV service in San Antonio, Texas. Since the initial San Antonio launch, AT&T has rolled-out its U-verse^{sm} TV service in additional markets including Houston and Dallas/Fort Worth, San Francisco/Oakland/San Jose, Kansas City, Los Angeles, and Milwaukee, among others. As of mid-April 2007, the U-verse^{sm} TV service had approximately 18,000 customers and AT&T was performing approximately 2,000 new installations per week.

9. In Connecticut, AT&T offers its U-Verse^{sm} TV service to customers in parts of Hartford, New Haven, and Stamford. Consumers have a choice of four standard packages or the customizable "U-Family" offering.

10. For instance, the popular "U300 + Internet" package (which might be compared to the expanded basic service of a cable operator) includes both IP video and Internet access at a starting price of $94 per month. It features:

- more than 240 video programming "channels;"
- 34 digital music channels;
- an optional high-definition package of more than 25 HD channels for $10 per month;
- access to a video-on-demand library;
- use of three set-top box receivers (including one with digital video recording capability); and
- the opportunity to purchase additional content such as HBO, Cinemax, additional sports and movie channels, and premium Spanish- or Japanese-language programming.

The basic Internet access offering provides download speeds up to 1.5 Mbps and upload speeds as high as 1 Mbps. AT&T also offers premium service tiers with more channels of video programming and even faster Internet access (at speeds up to 6 Mbps).

THE IMPORTANCE OF REGIONAL SPORTS PROGRAMMING

11. AT&T's market research and findings by the FCC establish that, to compete effectively, MVPDs that sell subscription television services – such as cable television operators, DBS providers, and AT&T as a provider of its new IP video service – must provide its subscribers with regional sports programming. *See* Memorandum Opinion and Order, *Applications for Consent to the Assignment and/or Transfer of Control of Licenses; Adelphia Communications Corporation to Time Warner Cable Inc.; Adelphia Communications Corporation to Comcast Corporation; Comcast Corporation to Time Warner Inc.; Time Warner Inc. to Comcast Corporation*, 21 FCC Rcd 8203, 8258, ¶ 124 (2006) (finding that RSN programming is "must have" programming and therefore that "an MVPD's ability to gain access to RSNs" is important "to compete with rivals"); *see also id.* at 8269-70, ¶¶ 145-146 (noting that penetration by competing MVPDs is lower where MVPDs cannot get access to RSNs, citing Comcast's refusal to provide DBS providers access to affiliated RSNs). Other types of television programming, such as game shows, films, or general news programming, are not substitutes for sports programming. Even national sports networks such as ESPN are not sufficient in themselves for a new-entrant MVPD to compete effectively, because fans are used to seeing their favorite local teams on the incumbent cable providers' service, and they generally will not leave that service for a new provider that does not offer the same popular games.

12. For example, if a subscriber in Stamford, Connecticut, watches the New York Rangers or Islanders hockey teams or the New York Knicks basketball team on his Cablevision

Systems Corp. ("Cablevision") cable service, it is unlikely that he would switch to U-verse^{sm} TV if that would mean losing access to those games. Likewise, a basketball fan in Hartford can watch the Boston Celtics if he subscribes to the incumbent Comcast cable service, or the DirecTV or Dish Network DBS service. It is unlikely that such a subscriber could be persuaded to try U-verse^{sm} TV and stay with AT&T, if AT&T lacked carriage rights for Celtics games.

13. As explained below, in Connecticut AT&T has not been able to secure carriage rights to the regional sports networks ("RSNs") that carry this popular sports programming, and the programming is being withheld from AT&T without any legitimate business justification. AT&T's inability to present popular sports events has hampered its marketing and sales efforts in Connecticut. Although the 2006-2007 professional basketball and hockey seasons are near their end, the 2007-2008 seasons for both sports will begin by the end of October 2007. In order for AT&T to have strong and competitive multichannel video programming service in Connecticut, AT&T must have the ability to show the RSNs that carry the Knicks, Celtics, Rangers, Islanders, and other popular teams in Connecticut.

AT&T'S ATTEMPTS TO LICENSE RAINBOW'S RSNS

14. AT&T Services, Inc. is a wholly owned subsidiary of AT&T Inc. that provides management and specialized services to its parent company and the parent company's direct and indirect subsidiaries and affiliates. Among its other activities, AT&T Services, Inc. purchases rights to television programming on behalf of AT&T Connecticut and other affiliated communications service providers.

15. Through AT&T Services, Inc., AT&T has successfully negotiated scores of carriage agreements for the U-verse^{sm} TV service with cable programming networks, including all other desired RSNs in our current operating footprint. AT&T has not, however, been able to

obtain an offer for carriage of Cablevision's affiliated RSNs that would allow AT&T to present those services in Connecticut. This barrier to AT&T's competition as an MVPD in Connecticut will become acute during the fall of 2007, when professional basketball and hockey resume.

16. Rainbow Media Holdings, LLC ("Rainbow") is a cable programming vendor owned by Cablevision, which is one of the largest incumbent cable operators. Rainbow owns and operates RSNs across the country, including Fox Sports Net New York ("FSN NY"), Madison Square Garden Network ("MSG"), Fox Sports Network New England ("FSN NE"), and Fox Sports Net Bay Area ("FSN Bay Area"). Rainbow negotiates carriage agreements with MVPDs for these four RSNs. Rainbow has recently announced its plans to sell FSN NE and FSN Bay Area to Comcast Corporation.

17. FSN NY and MSG hold rights to produce and exhibit games of the New York Knicks (NBA), New York Rangers, New York Islanders, New Jersey Devils, and Buffalo Sabres (NHL), New York Liberty (WNBA), and Red Bull New York (MLS), plus regional collegiate football and basketball, as well as other valuable local and national sports content.

18. FSN NE holds rights to produce and exhibit games of the Boston Celtics (NBA), New England Revolution (MLS), and certain college sports teams in New England, as well as other valuable local and national sports content. As in other markets where Rainbow operates an RSN, the regional sports programming of FSN NY, MSG, and FSN NE is critical in Connecticut. In Connecticut, many professional sports fans follow either New York-area or Boston-area teams, and Rainbow's three RSNs carry key New York and Boston teams.

19. AT&T began negotiations with Rainbow for carriage of its RSNs – as well as other programming – in early 2005. In January 2005, Judi Allen, a consultant to AT&T, and I spoke with Judi Lopez, Rainbow's Senior Vice President of Distribution, to set up a meeting to

discuss the licensing of Rainbow's networks for U-verse^{sm} TV. The meeting was to include Gregg Hill (former Rainbow President of Affiliate Sales and Marketing) and Josh Sapan (President & CEO of Rainbow). The agreed agenda for the meeting was for both parties to discuss their products and for Rainbow to provide a proposal to AT&T for all of its programming services.

20. In February 2005, representatives of AT&T flew to New York City for the meeting, at which Mr. Hill and Mr. Sapan failed to attend in person (although Mr. Hill was on the phone), and at which Rainbow failed to deliver a carriage proposal for its programming networks as promised. At that meeting, AT&T gave a presentation on Project Lightspeed. Ms. Lopez promised to get a carriage proposal for Rainbow's programming to AT&T "soon."

21. Despite AT&T's repeated calls requesting a proposal, as of April 4, 2005, Rainbow had not yet made a carriage proposal. On that day I visited Rainbow's booth at a national convention and expressed to Ms. Lopez AT&T's disappointment at not having received a proposal as promised. Ms. Lopez again promised to deliver a proposal to AT&T.

22. On April 8, 2005, Rainbow provided AT&T with a carriage proposal for its AMC, WE, and IFC networks. The proposal, however, did not include rates or terms for other important programming that Rainbow controls, such as Rainbow's RSNs. During a meeting with Cablevision in New York on May 12, 2005 (which Mr. Sapan and Charles Dolan, chairman of Cablevision, attended), I again requested a carriage proposal that included all of Rainbow's RSNs, including the three at issue in this proceeding.

23. Throughout the summer of 2005, AT&T pressed Rainbow to present a complete carriage proposal. For its part, Rainbow scheduled and later cancelled meetings with AT&T and repeatedly made unfulfilled promises to provide AT&T with a complete carriage proposal.

24. On September 13, 2005, Rob Thun (AT&T's Senior Vice President of Programming), George Callard (Senior Counsel for AT&T), and I met with representatives of Rainbow (Mr. Hill and Ms. Lopez) in New York City to solicit a carriage proposal. After AT&T made another presentation explaining Project Lightspeed and its IP video service, including initial launch plans for the service in Texas, Rainbow's representatives stated that Rainbow would not make a carriage proposal to AT&T because AT&T did not have cable television franchises in Texas.

25. On November 2, 2005 – the day after AT&T received a franchise to provide video service under a new Texas law – Mr. Thun sent Ms. Lopez of Rainbow an email informing Rainbow of the Public Utility Commission of Texas's recent approval of AT&T's video franchise filing.

26. On November 4, 2005, Mr. Hill of Rainbow informed me by telephone that AT&T could expect to receive a proposal from Rainbow by the end of November. On November 22, 2005, Robert Broussard, then Executive Vice President, Business Affairs of Rainbow, sent AT&T a basic term sheet for carriage of its national networks. However, despite AT&T's repeated requests, Rainbow's proposal again did not include terms for its RSNs.

27. In January and March 2006, Mr. Thun communicated with Mr. Broussard to reiterate that AT&T desired a carriage proposal that would include Rainbow's RSNs. Mr. Thun's March email advised Mr. Broussard that it was AT&T's "last effort to reach out to [Rainbow] to get a proposal." Mr. Thun stressed the need for immediate communication from Rainbow as to whether AT&T could expect to receive the long-sought proposal.

28. On March 31, 2006, AT&T finally received a carriage proposal that included terms covering some of Rainbow's RSNs. Rainbow's March 2006 proposal did not include

terms for carrying FSN NY and MSG in the New York Designated Market Area ("DMA"), which includes Stamford and other communities in southwestern Connecticut where Rainbow's parent company Cablevision owns cable systems.

29. On April 4, 2006, Mr. Thun reminded Mr. Broussard, by telephone and email, that AT&T was still seeking a complete proposal that included rates for FSN NY and MSG for the New York DMA.

30. On April 11, 2006 Mr. Thun and I met with Mr. Broussard at a convention, emphasizing the need for rates for RSNs in the New York DMA.

31. On April 25, 2006, Mr. Thun emailed Mr. Broussard that AT&T was "anxious to get a proposal back from Rainbow that includes FSN New York."

32. Again on April 28, 2006, Mr. Thun followed up via email with Mr. Broussard, asking for the "[FSN NY] rates that [AT&T] [had] requested from [Rainbow] on several occasions."

33. Later on April 28, 2006, Rainbow provided rates for FSN NY and MSG in the New York DMA. AT&T and Rainbow thereupon engaged in substantive negotiations concerning AT&T's carriage of Rainbow's various cable networks. During the ensuing negotiations and exchanges of key contract terms, Rainbow did not raise the cable-franchising requirement that it initially had suggested in connection with carriage in Texas. For its part, AT&T made significant concessions on many contractual terms.

34. On November 29, 2006, Rainbow provided AT&T with a draft long-form carriage agreement that was to serve as a template for agreements covering all of Rainbow's programming, including its RSNs. Although Rainbow had long been aware of AT&T's position that its IP video service is not a cable service as defined under federal communications law,

Rainbow's draft language referred to AT&T's IP video systems as "'cable systems' (as defined in applicable federal communications law)" and provided that "[AT&T] shall have obtained for each System for each Service Area, before commencing distribution of the Service over such System in such Service Area (or earlier as required under applicable law), a valid cable franchise (specifically identifying and authorizing each such Service Area) from the appropriate governmental franchising authority for the construction and operation of a cable system throughout such System's Service Area."

35. The draft agreement separately, and in addition, required AT&T to "represent[] and warrant[]" that it had all necessary authorizations from federal, state, and local government authorities and agencies to operate its IP video systems, would continue to have such authorizations, and would comply with all applicable laws and regulations.

36. In subsequent exchanges during December 2006, AT&T expressed its concern about Rainbow's franchising requirement, which did not reflect that AT&T could lawfully provide IP video service without holding a traditional municipal or local cable franchise. On December 22, 2006, Rainbow's Vice President and Associate General Counsel Kenneth Goorin emailed Mr. Callard, Mr. Thun, and me, advising AT&T that Rainbow was "not sure" how it could "agree to license programming" to AT&T if AT&T did not have a cable franchise. In addition, Mr. Goorin expressed concern that "there may be issues under some of our content agreements regarding our permitting distribution on what you call an 'IPTV system.'"

37. Mr. Callard responded to Mr. Goorin that same day, explaining that he would be "happy to discuss these issues" with Mr. Goorin or anyone at Rainbow. Mr. Callard explained that AT&T was at that time providing its IP video service in Texas and would soon launch in California, Indiana, and Connecticut, and "[i]n each of those states, AT&T is authorized to

provide service, whether under state law or decision of a regulatory agency." Further, Mr. Callard noted, AT&T had entered into more than 100 programming agreements, including agreements with the major broadcast, cable, and RSN programmers delivering the same types of content as Rainbow, and franchising had not been an obstacle to completing any of those negotiations.

38. On January 4, 2007, Rainbow provided AT&T with a draft agreement for FSN Bay Area, which Rainbow said was to serve as a "template for all other RSNs." FSN Bay Area is an RSN that shows games of the San Francisco Giants (MLB) and Oakland Athletics (MLB), Golden State Warriors (NBA), and San Jose Sharks (NHL), among other teams. The January 4 draft contained requirements for representations and warranties as found in the draft AMC agreement, as well as Rainbow's cable-franchise condition.

39. During the next few months, AT&T and Rainbow further negotiated the model AMC and FSN Bay Area agreements and resolved most outstanding issues.

40. On March 27, 2007, Mr. Callard of AT&T, sought to resolve the cable-franchise issue by proposing a change to the model agreements that would allow AT&T to provide service under a valid cable franchise *or other authority issued by the appropriate governmental franchising authority.*

41. On March 30, 2007, Mr. Goorin and another Rainbow attorney, Adam Levine, spoke by telephone with Mr. Thun and Mr. Callard, and were able to reach agreement on all open issues except cable franchising. Mr. Goorin and Mr. Levine indicated that they understood AT&T's position that it could provide lawful IP video service without a traditional cable franchise, but that AT&T's position would not be acceptable to Rainbow's regulatory group.

42. On April 4, 2007, Mr. Thun and Mr. Callard of AT&T spoke by telephone with Mr. Goorin and Mr. Levine in an effort to resolve the cable-franchising issue. Rainbow refused to delete its franchising requirement from the near-final agreements. With the Giants' and Athletics' baseball season starting and the Sharks and Warriors engaged in playoff races, AT&T urgently required FSN Bay Area and Rainbow's other programming for its IP video service in California and elsewhere, and AT&T therefore deemed it necessary to accept Rainbow's best and final offer, which was to sign carriage agreements that allow AT&T to present FSN Bay Area and certain national networks in certain designated states, other than Connecticut. Moreover, in that case, Rainbow was prepared to accept the authorization that AT&T has *already* received to provide video service in California.

43. Accordingly, although AT&T and Rainbow now have effective carriage agreements covering a number of Rainbow cable programming networks in a number of states, those agreements do not cover carriage of FSN NY, MSG, or FSN NE, and they do not allow AT&T to present any of Rainbow's programming in the State of Connecticut. Rainbow refused to allow carriage of its RSNs by AT&T in Connecticut notwithstanding the facts that (1) Connecticut DPUC's determination that AT&T is authorized to provide IP video service in the state and (2) Rainbow allows carriage of its RSNs by DBS providers – which do not hold state or local cable franchises – in Connecticut. Rainbow took the firm position that it would not license programming to AT&T for carriage in Connecticut unless AT&T first obtained a municipal or local cable franchise for its service areas in that state, or is franchised under a state statute that Rainbow in its sole discretion deems to be an acceptable basis for franchising.

44. Rainbow's position was embodied in the terms of its contracts with AT&T for programming networks other than FSN NY, MSG, and FSN NE, as finalized during the April 4, 2007, telephone call. The terms on which Rainbow is willing to license to AT&T provide:

> [AT&T] represents and warrants that (a) [AT&T] is duly authorized by all federal, state and local government authorities and agencies as are necessary or appropriate to conduct its business and operate the Systems and shall continue to be so authorized throughout the License Period (as hereinafter defined), (b) each System has obtained, and shall maintain in full force during the License Period, such federal, state and local authorizations as are necessary or appropriate to operate such System, [and] (c) each System is in compliance with, and will comply with, all applicable laws, including, without limitation, any statute, rule, regulation, order or decree of any governmental body . . . . Without limiting the foregoing, [AT&T] shall have obtained for each System for each Service Area, before commencing distribution of the Service over such System in such Service Area (or earlier as required under applicable law), a valid cable franchise (specifically identifying and authorizing each such Service Area) from the appropriate governmental franchising authority for the construction and operation of a cable system throughout such System's Service Area. For purposes of the immediately preceding sentence, a valid authorization obtained by Affiliate pursuant to those certain recently-enacted state franchising laws in effect as of the date hereof in California, Indiana, Kansas, Michigan, Missouri and Texas (the "Current State Laws") shall be deemed a valid cable franchise. Network agrees not to unreasonably refuse or delay any reasonable request by Affiliate to amend the foregoing sentence to include any state franchising law enacted after the date hereof that is substantially similar to the Current State Laws.

45. On May 11, 2007, on behalf of AT&T, I sent the General Counsel and Senior Vice President of Rainbow and General Counsel of Cablevision a letter (delivered on May 14, 2007) advising them that Rainbow's insistence on its cable-franchise condition with respect to licensing of FSN NY, MSG, and FSN NE in Connecticut violates the program access provisions of the Communications Act and the Commission's program access rules. The letter notified Rainbow and Cablevision that if they did not abandon the cable-franchise requirement and proceed with good-faith negotiations toward carriage agreements covering FSN NY, MSG, and FSN NE in Connecticut, AT&T would file a program access complaint with the Commission.

See Attachment A (Letter from D. York to D. Deitch, Rainbow, and J. Schwartz, Cablevision (May 11, 2007)).

46. On May 18, 2007, Mr. Levine acknowledged in an email to me that Rainbow and Cablevision received AT&T's 10-day letter. On May 22, 2007, Mr. Levine contacted me by telephone and stated that Rainbow might be willing to allow carriage of its programming by AT&T in Connecticut upon Connecticut's enactment of a statewide video franchise statute. I reiterated to Mr. Levine that, as AT&T had long made clear, AT&T already has the necessary authorization to offer video service in Connecticut, and the lack of merit of Rainbow's position is further evidenced by AT&T's license agreements with over 100 other programmers, each of which willingly agreed to grant AT&T rights to offer the programmer's content in Connecticut.

47. On May 24, 2007, David E. Deitch, Senior Vice President and General Counsel of Rainbow, formally responded to my letter, continuing to insist that Rainbow's "actions are completely consistent with any obligations under the program access rules." *See* Attachment B (Letter from D. Deitch to D. York (May 24, 2007)).

48. On June 6, 2007, the Connecticut Legislature adopted legislation, effective October 1, 2007, establishing procedures for franchising of wireline video service providers at the state level. The legislation authorizes existing wireline video service providers in Connecticut, such as AT&T, to continue to offer their video service while applying for a state-level franchise.

49. Because the Connecticut legislation addressed the issue that Rainbow had said was preventing the execution of carriage agreements with AT&T, I called Mr. Levine on June 6 and left a message asking for immediate rights to carry the RSNs in Connecticut. On June 7,

2007, Mr. Levine emailed me that Rainbow was working toward a response to AT&T's proposal.

50. On June 12, 2007, Mr. Thun and Tom Rawls, General Attorney for AT&T, had a telephone conference with Mr. Levine. Mr. Thun and Mr. Rawls reiterated AT&T's request for immediate carriage rights to the RSNs, and emphasized the importance to AT&T of having the RSN programming before the start of the fall 2007 basketball and hockey seasons. Mr. Rawls noted on the call that the new state legislation expressly authorizes video providers that are offering service in Connecticut to continue to do so pending the issuance of a state video franchise.

51. Mr. Levine refused to say whether Rainbow would continue to rely on its franchise condition as a basis for refusing to license the three RSNs to AT&T in Connecticut. Not only that, but Mr. Levine raised for the first time allegations concerning supposed breaches of other agreements between AT&T and Rainbow, and supposed technical issues, as new grounds for refusing to license RSN programming to AT&T in Connecticut. Mr. Levine further said – for the first time – that in order to obtain rights for carriage of FSN NE in Connecticut, AT&T should pursue a deal with Comcast, because Cablevision intends to sell its interest in FSN NE to Comcast at some point in the future. Mr. Levine did not dispute that Rainbow continues to be the entity actually responsible for licensing FSN NE to video distributors.

52. Mr. Thun asked for a firm answer from Rainbow by June 14, 2007, as to whether Rainbow would be willing to finalize immediately a carriage proposal in Connecticut. Mr. Levine refused to commit to responding by that date, but committed to getting AT&T a decision as quickly as possible. AT&T asked for Rainbow's final position on the franchising issue and carriage by June 15, 2007.

53. On June 15, 2007, Mr. Levine contacted Mr. Thun via email and failed to respond meaningfully to AT&T's request for access to Rainbow's RSNs in Connecticut. Mr. Levine instead expressed only a willingness to "continue . . . discussions" of the pretextual justifications that Rainbow had raised after passage of the Connecticut legislation to continue to deny AT&T access to Rainbow's RSNs in Connecticut. With respect to Connecticut, Mr. Levine asked why the parties should "reopen the [existing] franchise requirements," ignoring the fact that Connecticut regulators and legislators have provided AT&T with express authority to provide its video service in the state.

54. Mr. Thun responded to Mr. Levine on June 15, 2007, explaining again that AT&T has all of the authority that it needs to provide video service in Connecticut and that the passage of the Connecticut legislation should have allowed the parties to reach agreement. Mr. Thun advised that Mr. Levine's email was not a favorable response to AT&T's proposal and that AT&T would proceed accordingly.

HARM TO AT&T AND THE PUBLIC

55. Based on my experience in the video programming industry and AT&T's market research, it is virtually certain that significant numbers of potential subscribers in Connecticut will consider AT&T's carriage or non-carriage of FSN NY, MSG, and FSN NE important to their decision whether to subscriber to U-verse^{sm} TV. Cablevision/Rainbow's refusal to make these RSNs available to AT&T in Connecticut will impair the success of AT&T's introduction of the U-verse^{sm} service. Indeed, customers who investigate U-verse^{sm} TV and learn that AT&T does not offer their favorite sports teams may have their initial interest transformed into a lasting, negative impression of U-verse^{sm}. Once MVPD customers form a negative impression of a service, it is difficult and expensive to win them as a customer.

56. For these reasons, Rainbow's refusal to sell its RSNs for presentation on the U-verse[sm] TV service hampers AT&T in competing against Cablevision and AT&T's other major cable and satellite competitors, which do carry Rainbow's RSNs. AT&T's inability to negotiate a carriage agreement with Rainbow is likely to slow or reduce the success of AT&T's service in Connecticut, and, conversely, protect the dominant position that Cablevision and other incumbent cable operators in Connecticut enjoy.

57. Conversely, carriage of Rainbow's RSNs would enable AT&T to offer video consumers in Connecticut a stronger competitive alternative to the incumbent cable operators' services. The resulting increase in AT&T's video service revenues would make the Project Lightspeed broadband initiative more attractive in Connecticut for investment and deployment, and thereby promote broadband deployment in that state.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Daniel York

Executed on June 18, 2007

Exhibit 2 - York Decl.
Attachment A

at&t

Daniel R. York
Executive Vice President
Programming

AT&T Inc.
1880 Century Park East
Suite 1101
Los Angeles, CA 90067

T: 310.552.0280
F: 310.552.2244
dan.york@att.com
www.att.com

May 11, 2006

Via Federal Express

David Deitch
General Counsel and Senior Vice President
Rainbow Media Holdings, LLC
200 Jericho Quadrangle
Jericho, NY 11753

Jonathan D. Schwartz
General Counsel
Cablevision Systems Corp.
1111 Stewart Avenue
Bethpage, NY 11714

Dear Mr. Deitch and Mr. Schwartz:

AT&T is pleased that it and Rainbow Media Holdings, LLC ("Rainbow") recently were able to finalize carriage agreements covering distribution of Rainbow's national and regional sports programming in some of AT&T's markets. We look forward to a successful relationship in those markets. The completion of those negotiations in markets outside Cablevision's base in the New York Tri-State Area, however, highlights the absence of any justification for Rainbow's refusal to license its regional sports networks ("RSNs") in Connecticut. I am writing to advise you that unless Rainbow abandons its illegal posture, AT&T will present this issue to the FCC in a program access complaint against Rainbow and its corporate parent, Cablevision Systems Corp.

Rainbow's discriminatory refusal to sell Fox Sports Network New York ("FSN NY"), Madison Square Garden Network ("MSG"), and Fox Sports Network New England ("FSN NE") in Connecticut began with a lengthy period during which Rainbow refused to provide a carriage proposal for any of its RSNs. By canceling meetings, missing deadlines, and offering pretextual excuses, Rainbow unilaterally delayed substantive negotiations from approximately January 2005 through March 2006. When Rainbow finally provided a carriage proposal for some of its networks on March 31, 2006, the initial proposal did not include rights to FSN NY or MSG in the New York DMA. Without rights to FSN NY and MSG, AT&T cannot offer its customers in Connecticut popular in-region sports events including New York Knicks basketball games and hockey games of the New York Rangers, New York Islanders, and New Jersey Devils.

On November 29, 2006, Rainbow threw up a new roadblock when it finally provided AT&T with a draft long-form affiliation agreement for the AMC movie network, which was to serve as a template for carriage agreements covering other Rainbow programming, including RSNs. The draft agreement provided that Rainbow would not license AMC to AT&T unless AT&T held a cable television franchise covering the market at issue. As you know, AT&T believes that for purposes of federal cable franchising provisions, its IP video systems are not "cable systems" and AT&T is not a "cable operator." AT&T nevertheless operates its systems in compliance with all applicable regulatory requirements. Indeed, AT&T is prepared to represent and warrant in its carriage agreements with Rainbow that its IP video systems have all necessary authorizations from federal, state, or local governments and agencies.

In early April 2007, AT&T and Rainbow resolved this issue with respect to certain markets outside Connecticut, by agreeing that Rainbow would provide its programming to AT&T in enumerated states that have adopted state-level video franchising laws. In those states, Rainbow accepted that AT&T is not required to obtain a cable franchise from a local franchising authority as a condition of licensing Rainbow's programming. Yet Rainbow took the firm position in those negotiations that it would not license its programming to AT&T for distribution in other states where AT&T is authorized to provide its IP video service without a cable franchise, as determined by Rainbow in its sole discretion.

In Connecticut, the Department of Public Utility Control ("DPUC") is the state agency charged with awarding and renewing cable television franchises. The DPUC determined on June 7, 2006, in its Docket No. 05-06-12, that: AT&T's IP video service is not a "cable service" under federal law; AT&T's network, as used to provide IP video, is not a "cable system"; and AT&T may provide its service to Connecticut consumers without a cable franchise. Accordingly, AT&T is expressly authorized in Connecticut to provide IP video service *without a cable franchise*.

AT&T's understanding of Rainbow's current position is that Rainbow will not engage with AT&T for the license of FSN NY, MSG, or FSN NE to AT&T for distribution over AT&T's operational video systems in the Hartford, New Haven, and Stamford, Connecticut areas because AT&T does not hold cable franchises for those areas. Without access to Rainbow's RSNs, AT&T cannot present programming that potential customers demand, and likely receive from their current MVPD. Without rights to show events including Knicks and Boston Celtics professional basketball games; Rangers, Islanders, and New Jersey Devils professional hockey games; and Red Bull New York and New England Revolution professional soccer games, AT&T will not be able to compete effectively with Cablevision and other incumbent cable television operators in Connecticut. Further, with respect to the national services that Rainbow did license to AT&T for carriage in states with state franchising legislation (AMC, fuse, IFC, Lifeskool, Sportskool, and WE), Rainbow has refused to allow AT&T to offer these services in Connecticut. Rainbow has taken that position even though it licenses its RSNs and national programming to other MVPDs in Connecticut (including DBS providers) that do not have cable franchises. Rainbow's cable franchising requirement amounts to a discriminatory and unreasonable refusal to license satellite-delivered cable programming to AT&T in Connecticut.

Rainbow's insistence that AT&T obtain a cable franchise has no legitimate business justification or legal basis, particularly when the DPUC has declared that AT&T is *not* required to obtain a cable franchise. I am aware that Cablevision is currently challenging the DPUC's decision in court, but Cablevision's disagreement with the DPUC does not excuse its unlawful effort at self-help. Furthermore, AT&T is prepared to obligate itself to operate its IP video systems in accordance with applicable federal, state, or local authorization requirements in Connecticut.

Although Rainbow has asserted at least once that the cable franchising requirement is somehow connected to Rainbow's own content arrangements, that contention does not square with AT&T's experience in executing scores of carriage agreements with other programmers, and it is difficult to reconcile with Rainbow's licensing of programming to AT&T in other states where AT&T does not hold traditional cable franchises.

Rainbow's withholding of its RSNs in Connecticut is a patently unlawful way of slowing AT&T's growth as a competitor to Cablevision and other cable operators in Connecticut. More broadly, Rainbow's demand that IP video providers must obtain a cable franchise in order to obtain must-have RSN programming—particularly when franchising authorities take a different view of the law they enforce—erects a barrier to new MVPD competitors and their deployment of new broadband distribution facilities and technologies. Rainbow's conduct is flatly inconsistent with the FCC's analysis of the cable franchising process in its recent *Section 621 Order* (FCC 06-180) and the Commission's demonstrated commitment to broadband deployment.

Accordingly, I am notifying you of AT&T's present intention to file a program access complaint with the FCC after the 10-day waiting period, based on Rainbow's discriminatory and sanctionable refusal to deal with respect to FSN NY, MSG, and FSN NE. This letter will serve as the notice required under 47 C.F.R. § 76.1003(b).

I hope that the filing of a program access complaint will not be necessary. I look forward to your quick response that Rainbow will drop the unlawful cable franchise condition.

Sincerely,

Daniel York

Daniel York

May 24, 2007

<u>VIA FAX AND FEDERAL EXPRESS</u>

Mr. Daniel R. York
Executive Vice President, Programming
AT&T, Inc.
1880 Century Park East, Suite 1101
Los Angeles, CA 90067

Dear Mr. York:

I am writing in response to your letter to Jonathan Schwartz and me, received by Cablevision and Rainbow Media on May 14, 2007. Since that time, we have attempted to reach an agreement with you for Connecticut through private negotiations, just as we have done successfully for the other markets where AT&T is currently operating. Your recitation and characterizations of the negotiations that have taken place to date between AT&T and Rainbow are inaccurate in numerous respects, and we are confident that, viewed against an accurate record, our actions are completely consistent with any obligations under the program access rules. We deeply regret that AT&T has chosen the path of threatening to litigate rather than continuing to negotiate, and we hope that you will reconsider this position.

Very truly yours,

David A. Deitch
S.V.P. & General Counsel

Exhibit 3

FORM 10-K

CABLEVISION SYSTEMS CORP /NY - CVC

Filed: February 26, 2009 (period: December 31, 2008)

Annual report which provides a comprehensive overview of the company for the past year

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]**

For the transition period from to

Commission File Number	Registrant; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-14764	**Cablevision Systems Corporation** Delaware 1111 Stewart Avenue Bethpage, NY 11714 (516) 803-2300	11-3415180
1-9046	**CSC Holdings, Inc.** Delaware 1111 Stewart Avenue Bethpage, NY 11714 (516) 803-2300	11-2776686

Securities registered pursuant to Section 12(b) of the Act: Title of each class:	Name of each Exchange on which Registered:
Cablevision Systems Corporation Cablevision NY Group Class A Common Stock	New York Stock Exchange
CSC Holdings, Inc.	None

Securities registered pursuant to Section 12(g) of the Act:

Cablevision Systems Corporation	None
CSC Holdings, Inc.	None

Indicate by check mark if the Registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Cablevision Systems Corporation	Yes	☐	No	☒
CSC Holdings, Inc.	Yes	☐	No	☒

Indicate by check mark if the Registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Cablevision Systems Corporation	Yes	☐	No	☒
CSC Holdings, Inc.	Yes	☐	No	☒

PART I

Item 1. Business

This combined Annual Report on Form 10-K is separately filed by Cablevision Systems Corporation ("Cablevision") and CSC Holdings, Inc. ("CSC Holdings" and collectively with Cablevision, the "Company" or the "Registrants").

Cablevision Systems Corporation

Cablevision Systems Corporation is a Delaware corporation which was organized in 1997. Cablevision owns all of the outstanding common stock of CSC Holdings and its liabilities include approximately $2.2 billion of senior notes, including $1.5 billion of senior notes issued in April 2004 to third party investors and approximately $682 million of its 8% senior notes contributed in July 2008 to CSC Holdings, which CSC Holdings contributed to Newsday Holdings LLC, its 97.2% owned subsidiary. The notes are eliminated in Cablevision's consolidated financial statements and are shown as notes due from Cablevision in the consolidated equity of CSC Holdings. Cablevision has no operations independent of its CSC Holdings subsidiary.

CSC Holdings

CSC Holdings is a Delaware corporation which was organized in 1985 and is one of the largest cable operators in the United States based on the number of basic video subscribers. We also operate cable programming networks, entertainment businesses, telecommunications companies and a newspaper publishing business. As of December 31, 2008, we served approximately 3.1 million basic video subscribers in and around the New York City metropolitan area, making us the fifth largest cable operator in the United States based on the number of basic video subscribers. We believe that our cable television systems comprise the largest metropolitan cluster of cable television systems under common ownership in the United States (measured by number of basic video subscribers). Through our wholly-owned subsidiary, Rainbow Media Holdings LLC ("Rainbow Media Holdings"), we have ownership interests in companies that produce and distribute national entertainment and regional news programming services, the Madison Square Garden sports and entertainment businesses and cable television advertising sales companies. Through Cablevision Lightpath, Inc. ("Optimum Lightpath"), our wholly-owned subsidiary, we provide telephone services and high-speed Internet access to the business market. In addition, we own approximately 97.2% of Newsday LLC which operates a newspaper publishing business.

We classify our business interests into four segments: Telecommunications Services; Rainbow; Madison Square Garden; and Newsday.

Our Telecommunications Services segment includes CSC Holdings' cable television business, including its video, high-speed data, and Voice over Internet Protocol ("VoIP") and the operations of the commercial high-speed data and voice services provided by Optimum Lightpath.

Our Rainbow segment consists principally of our interests in national and regional television programming networks, including AMC, WE tv, IFC, Sundance Channel (as of June 16, 2008), and News 12. Rainbow also includes a local advertising sales representation business.

Our Madison Square Garden segment owns and operates the Madison Square Garden Arena and the adjoining WaMu Theater at Madison Square Garden, the New York Knickerbockers professional basketball team, the New York Rangers professional hockey team, the New York Liberty professional women's basketball team, the Hartford Wolf Pack professional hockey team, the regional sports programming networks Madison Square Garden Network and MSG Plus (formerly Fox Sports Net New

York) (collectively, "MSG Networks"), MSG Entertainment (which operates Radio City Music Hall and the Beacon Theatre in New York City under long-term leases and owns and operates the Chicago Theatre in Chicago, Illinois) and the operations of Fuse, a national music programming network. Madison Square Garden is a wholly-owned subsidiary of Rainbow Media Holdings. In addition, in June 2008, Madison Square Garden purchased a minority ownership interest in Front Line Management Group Inc., a musical artist management company.

Our Newsday segment consists of the Newsday daily newspaper, amNew York, Star Community Publishing Group, and online websites including newsday.com and exploreLI.com.

In addition, we own or have interests in the following businesses and assets:

- the motion picture theater business of Clearview Cinemas, which operates 48 movie theaters containing 250 screens,
- PVI Virtual Media Services LLC, which markets a real time video insertion system that places computer generated electronic images into telecasts of sporting events and other programming, and
- the common stock of Comcast Corporation which we received in connection with asset sales in prior years and which we monetized through the execution of prepaid forward contracts, collateralized by an equivalent amount of the Comcast Corporation common stock.

Telecommunications Services

General

Cable television is a service that delivers multiple channels of video programming to subscribers who pay a monthly fee for the services they receive. Video signals are received over-the-air, by fiber optic transport or via satellite delivery by antennas, microwave relay stations and satellite earth stations and are modulated, amplified and distributed over a network of coaxial and fiber optic cable to the subscribers' television sets. Cable television systems typically are constructed and operated pursuant to non-exclusive franchises awarded by local and state governmental authorities for specified periods of time.

Our cable television systems offer varying packages of service marketed under the Optimum and iO brand names, which may include, among other programming, local broadcast network affiliates and independent television stations, certain other news, information and entertainment channels such as CNN, CNBC, ESPN, and MTV, and certain premium services such as HBO, Showtime, The Movie Channel, Starz!/Encore and Cinemax. We also offer iO-branded digital video service, which enables customers to receive video on demand and subscription video on demand services, as well as additional viewing channels.

Our cable television revenues are derived principally from monthly fees paid by subscribers. In addition to recurring subscriber revenues, we derive revenues from the sales of pay-per-view movies and events, video on demand and subscription video on demand program services, from the sale of advertising time on advertiser supported programming and from installation and equipment charges. Certain services and equipment provided by substantially all of our cable television systems are subject to regulation. See "Regulation - Cable Television."

We also provide high-speed data services using our cable television broadband network. High-speed data services are provided to customers through a cable modem device. The high-speed data service, marketed as "Optimum Online", served approximately 2.5 million subscribers at December 31, 2008 for an overall penetration rate of 51.9% of the homes passed by our cable television network. We believe that our high-speed data service penetration has been driven by superior quality and speed and, in part, by a large number of customers installing the necessary equipment without the need for a service call.

source of news, particularly younger consumers. A prolonged decline in circulation would have a material adverse effect on the rate and volume of advertising revenues.

A significant amount of our book value consists of intangible assets that may not generate cash in the event of a voluntary or involuntary sale.

At December 31, 2008, we reported $9.4 billion of consolidated total assets, of which $2.9 billion were intangible. Intangible assets include franchises from city and county governments to operate cable television systems, affiliation agreements, and amounts representing the cost of acquired assets and businesses in excess of their identifiable tangible and intangible assets. While we believe that the carrying value of our intangible assets are recoverable, you should not assume that we would receive any cash from the voluntary or involuntary sale of these intangible assets, particularly if we were not continuing as an operating business. We urge you to read carefully our consolidated financial statements contained herein, which provide more detailed information about these intangible assets.

We are controlled by the Dolan family. As a result of their control of us, the Dolan family has the ability to prevent or cause a change in control or approve, prevent or influence certain actions by us.

Cablevision has two classes of common stock:

- Class B common stock, which is generally entitled to ten votes per share and is entitled collectively to elect 75% of the Cablevision Board of Directors, and

- Class A common stock, which is entitled to one vote per share and is entitled collectively to elect the remaining 25% of the Cablevision Board of Directors.

As of February 20, 2009, the Dolan family, including trusts for the benefit of members of the Dolan family, collectively owned all of Cablevision's Class B common stock, less than 3% of Cablevision's outstanding Class A common stock and approximately 70% of the total voting power of all the outstanding Cablevision common stock. Of this amount, our Chairman, Charles F. Dolan, beneficially owned approximately 46% of Cablevision's outstanding Class B common stock, less than 1% of Cablevision's outstanding Class A common stock and approximately 32% of the total voting power of all the outstanding Cablevision common stock. The members of the Dolan family holding Class B common stock have executed a voting agreement that has the effect of causing the voting power of the Class B stockholders to be cast as a block with respect to the election of the directors elected by the Class B stockholders and any change of control transaction. The Dolan family is able to prevent a change in control of Cablevision and no person interested in acquiring Cablevision will be able to do so without obtaining the consent of the Dolan family. On May 2, 2007, Cablevision entered into a merger agreement with an entity owned by the Dolan Family Group. The terms of the merger agreement provided that an entity owned by the Dolan Family Group would be merged with and into Cablevision and, as a result, Cablevision would continue as the surviving corporation and a wholly-owned subsidiary of an entity controlled by the Dolan Family Group. This transaction would have involved the incurrence of approximately $13.9 billion of indebtedness of Cablevision, CSC Holdings and their subsidiaries. Following the announcement of the execution of the merger agreement, the long-term debt ratings of CSC Holdings' senior and subordinated debt were placed on credit watch with negative implications. On October 24, 2007, that transaction was submitted to a vote of Cablevision's shareholders and did not receive shareholder approval. Subsequently, the parties terminated the merger agreement pursuant to its terms. This transaction would have resulted in holders of our Class A common stock receiving a cash payment for their shares and members of the Dolan family owning all of the equity interests in the surviving corporation. In connection with this proposed merger transaction and prior proposals contemplating similar going private transactions, members of the Dolan family stated that they were only interested in pursuing their proposed transaction and would not sell their stake in Cablevision. There can be no assurances that the Dolan family will not propose, undertake or consummate a similar transaction in the future.

Exhibit 4

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

AT&T SERVICES, INC. AND SOUTHERN NEW ENGLAND TELEPHONE COMPANY D/B/A AT&T CONNECTICUT, INC., Complainants, v. RAINBOW MEDIA HOLDINGS, LLC AND CABLEVISION SYSTEMS CORP., Defendants.	File No.________________

PROGRAM ACCESS COMPLAINT

Christopher M. Heimann
Bruce R. Byrd
Gary L. Phillips
Paul K. Mancini
1120 20th Street, N.W., Suite 1000
Washington, D.C. 20036
(202) 457-3055

Austin C. Schlick
Sean A. Lev
Kelly P. Dunbar
Kellogg, Huber, Hansen,
Todd, Evans & Figel, P.L.L.C.
1615 M Street NW, Suite 400
Washington, D.C. 20036
(202) 326-7900

Tom Rawls
AT&T South
2180 Lake Boulevard
Suite 12B01
Atlanta, GA 30319
(404) 829-8322

Attorneys for AT&T

June 18, 2007

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SUMMARY

This case involves a straightforward violation of the Commission's program access rules by repeat offenders Cablevision Systems Corp. ("Cablevision") and Rainbow Media Holdings, LLC ("Rainbow"). These Defendants have steadfastly refused to provide AT&T with access to regional sports network ("RSN") programming that this Commission has repeatedly recognized to be "must have," and that AT&T needs to make a successful launch of its competitive video service in Connecticut. Defendants have refused to provide this valuable programming to AT&T in Connecticut for various pretexual reasons. These include a refusal to license RSNs because AT&T does not have a cable franchise in Connecticut, notwithstanding that Connecticut regulators have held that AT&T's video service is not subject to the cable franchising requirement and that the Connecticut Legislature has enacted a law providing for franchising of wireline video services such as AT&T's. Defendants are thus attempting to impose a burden on AT&T that Connecticut's regulators and legislators have concluded should not exist. Defendants' refusal to provide access to programming is a clear-cut violation of the Commission's rules with a direct and detrimental effect on competition and ultimately on consumers. Expedited and decisive action by the Commission is crucial to vindicate the public interest concerns underlying its program access rules.

Complainant AT&T is expending substantial resources to enter the multichannel video distribution market as a competitor to dominant cable television operators, using its upgraded wireline communications network and breakthrough Internet Protocol ("IP") technology. AT&T's entry is increasing consumer choice and causing incumbents to lower their prices and to improve their services to combat the new competition. AT&T's ability to succeed as a video provider in all markets, however, depends upon timely access to the same popular programming

that cable and satellite providers offer their customers, including RSNs that the Commission has repeatedly recognized as "must have" programming.

One market that AT&T is currently entering is Connecticut, where defendant Cablevision is an incumbent cable operator. In that state, must-have RSNs include Fox Sports Network New York, Madison Square Garden Network, and Fox Sports Network New England, all of which are owned and operated by Defendants Cablevision and Rainbow. These RSNs together carry games of the New York Knicks and Boston Celtics professional basketball teams and New York Rangers, New York Islanders, and New Jersey Devils professional hockey teams, among other events. Access to this popular programming is essential to AT&T's ability to present a fully competitive video service in Connecticut.

Defendant Cablevision is a major incumbent cable television operator in Connecticut, and the leading cable operator in the New York metropolitan area. Through its programming subsidiary, Defendant Rainbow, Cablevision owns and operates Fox Sports Network New York, Madison Square Garden Network, and Fox Sports Network New England. Cablevision has an obvious incentive to deny its competitor, AT&T, access to this critical programming in Connecticut. Cablevision is acting on that incentive by unlawfully refusing to license the three RSNs to AT&T.

As noted at the outset, Defendants have delayed negotiations and interposed a series of pretextual objections to licensing, which together constitute a refusal to license Rainbow's RSN programming to AT&T in Connecticut. In particular, Rainbow has taken the position that it will not license the three RSNs to AT&T unless AT&T obtains cable television franchises in Connecticut—even though: the state regulators actually charged with regulating cable services in Connecticut have determined that AT&T does not need cable television franchises in the state;

AT&T has committed to possess all necessary regulatory approvals to provide its video service in Connecticut; and the Connecticut Legislature has enacted legislation that will provide AT&T with express statutory authority to provide its video services. Compounding Defendants' violations, Rainbow responded to AT&T's notice of its intent to file the program access complaint by raising entirely new pretextual grounds for refusing to license the RSNs, such as an argument that Rainbow cannot license one of the RSNs to AT&T now, because Cablevision hopes later to sell its interest in that RSN.

In its *Section 621 Order*, the Commission recognized that "the current operation of the local franchising process in many jurisdictions constitutes an unreasonable barrier to entry that impedes the achievement of the interrelated federal goals of enhanced cable competition and accelerated broadband deployment."[1] Access to cable-controlled programming is another "unreasonable barrier" that impedes video competition and broadband deployment. Cablevision continues to seek to link these two obstacles and thereby make them even more difficult to overcome: Under the terms for licensing Rainbow's RSNs, AT&T could not overcome the programming barrier without first surmounting a franchising barrier that is of Defendants' own creation, as well as other artificial obstacles erected by Defendants.

The Communications Act, 48 U.S.C. § 548(c)(2)(B), and the Commission's program access rules, 47 C.F.R. § 76.1002(b), prohibit unreasonable refusals to sell satellite-provided cable programming such as Rainbow's RSNs. The refusal here is plainly unlawful: The state of Connecticut has made clear that AT&T is and will be authorized to provide video service in the state, yet Rainbow continues to insist on its franchise condition and has manufactured other

[1] Report and Order and Further Notice of Proposed Rulemaking, *Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as amended by the Cable Television Consumer Protection and Competition Act of 1992*, 22 FCC Rcd 5101, ¶ 1 (2007) ("*Section 621 Order*").

pretextual justifications for its attempt to thwart AT&T's successful entry into the video marketplace in Connecticut.

The Commission should act swiftly to resolve this Complaint in just a few months. The core facts here are straightforward and indisputable: Defendants will not license Rainbow's RSNs to AT&T in Connecticut, although Defendants lack any legitimate and lawful basis for refusing to do so. The harm to competition and consumers caused by Defendants' actions, and by any delay in resolving this case, is equally plain. The Commission itself has made clear that these RSNs are "must have" programming for new video entrants like AT&T to compete effectively. Moreover, Cablevision and Rainbow are infamous repeat offenders of the program access rules, which deserve quickly to receive every available sanction. In all events, this Commission should take no longer to decide this case than the five-month period in which it has previously indicated it would resolve such matters. Indeed, a timely decision by the Commission, by October 2007 at the absolute latest, is necessary in order for AT&T to present professional basketball and hockey games during the 2007-2008 seasons. This is both an easy case to resolve and one in which prompt resolution is crucial to protect the public interests that animate the Commission's program access rules.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

AT&T SERVICES, INC. AND SOUTHERN NEW ENGLAND TELEPHONE COMPANY D/B/A AT&T CONNECTICUT, INC., Complainants, v. RAINBOW MEDIA HOLDINGS, LLC AND CABLEVISION SYSTEMS CORP., Defendants.	File No.________________

PROGRAM ACCESS COMPLAINT

1. Pursuant to section 628 of the Communications Act of 1934, as amended, 47 U.S.C. § 548, and the Commission's program access rules, 47 C.F.R. §§ 76.1000 *et seq.*, Southern New England Telephone Company d/b/a AT&T Connecticut, Inc. ("AT&T Connecticut"), which provides a multi-channel video programming service in portions of Connecticut using Internet Protocol video technology, and AT&T Services, Inc., which negotiates for and purchases programming on behalf of AT&T Connecticut and other affiliated local telephone companies, file this Complaint to obtain retransmission rights to Defendants' satellite-delivered regional sports networks in the Hartford, New Haven, and Stamford, Connecticut service areas.

2. Defendant Rainbow Media Holdings, LLC is wholly owned by defendant Cablevision Systems Corp. Rainbow provides two satellite-delivered regional sports networks to

Cablevision and other multi-channel video programming distributors ("MVPDs") in the New York City metropolitan area and one in New England. Those networks are Fox Sports Network New York ("FSN NY"), Madison Square Garden Network ("MSG"), and Fox Sports Network New England ("FSN NE").

3. Rainbow's refusal to license the three networks to AT&T in Connecticut began with a lengthy period during which Rainbow refused to provide a carriage proposal for any of its cable programming. By canceling meetings, missing deadlines, and offering pretextual excuses, Rainbow unilaterally delayed substantive negotiations from early 2005 through March 2006. In March 2006, when Rainbow sent a carriage proposal for some of its cable networks, the initial proposal did not include rights to FSN NY or MSG in the New York area. For the next several months, AT&T attempted to secure a carriage proposal from Rainbow that includes all of Rainbow's RSNs, as well as to negotiate carriage agreements in advance of commercial launches of AT&T's video service.

4. In negotiations between November 2006 and April 2007, Rainbow adopted its final position that it will not license its RSNs to AT&T in Connecticut because AT&T does not hold cable television franchises there. Rainbow took that position even though Connecticut regulators themselves have determined that no such franchise is necessary. Rainbow refused to abandon its position even after the Connecticut Legislature approved legislation that will give AT&T express statutory authority to offer its video service throughout the state. Indeed, the response of Rainbow and Cablevision to that legislation, and AT&T's threatened filing of a program access complaint, was to fabricate a new set of excuses for refusing to license the RSN programming.

5. Without timely access to Rainbow's RSNs, AT&T cannot present programming that potential customers demand and likely receive from their current MVPD. Without rights to show events including New York Knicks and Boston Celtics professional basketball games and New York Rangers, New York Islanders, and New Jersey Devils professional hockey games, among other sporting events, AT&T will not be able to compete effectively with Cablevision and other incumbent cable television operators in Connecticut.

6. Defendants' refusal to deal constitutes an unlawful and unfair method of competition or an unfair or deceptive act or practice, in violation of 47 U.S.C. § 548(b) and 47 C.F.R. § 76.1001, and unlawful discrimination in violation of 47 U.S.C. § 548(c)(2)(B) and 47 C.F.R § 76.1002(b).[2]

7. To address this violation of the program access rules, AT&T requests that the Commission (i) declare that Defendants' refusal to license RSN programming to AT&T in Connecticut is illegal under the Communications Act and the Commission's rules and (ii) issue an injunctive order requiring Defendants immediately to enter into carriage agreements with AT&T for FSN NY, MSG, and FSN NE on nondiscriminatory terms and conditions.

8. The Commission should act swiftly to resolve this case in no more than a few months. Defendants' reliance on pretextual grounds for refusing to license RSN programming to AT&T is straightforward and indisputable. This Commission's own decisions, moreover, establish that delay in authorizing access to "must have" sports programming harms competition and consumers. Finally, Defendants are repeat violators of the program access rules and their intransigence should be ended and subject to sanction as soon as possible. In this regard, the

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[2] *See* First Report and Order, *Implementation of Sections 12 and 19 of the Cable Television Consumer Protection and Competition Act of 1992: Development of Competition and Diversity in Video Programming Distribution and Carriage*, 8 FCC Rcd 3359, 3372, 3412, ¶¶ 37, 116 (1993) ("*Video Programming Order*").

Commission has stated that it will resolve program access complaints involving refusals to sell "within five months of the submission of the complaint to the Commission."[3] The Commission should decide this case well ahead of that five-month deadline, and, in all events, should take no more than that amount of time. Of particular relevance, if the Commission acts promptly on this complaint, then AT&T should be able to show popular professional basketball and hockey games when the 2007-2008 NBA and NHL seasons begin in October 2007. On the other hand, if the Commission fails to act swiftly, Defendants' violation of the program access rules will severely hamper AT&T's introduction of its competitive IP video service in Connecticut.

JURISDICTION

9. The Commission has jurisdiction to consider this Complaint under 47 U.S.C. § 548(d) and 47 C.F.R. § 76.1003.

THE COMPLAINANTS

10. Complainant AT&T Connecticut operates a communications network in Connecticut that provides access lines and associated services to residential and business customers. In portions of Hartford, New Haven, and Stamford, Connecticut, AT&T Connecticut is an MVPD that serves residential customers with an IP video service known as U-verse[sm] TV.

11. Complainant AT&T Services, Inc. is a Delaware corporation with its principal place of business in San Antonio, Texas. AT&T Services, Inc. is a wholly owned subsidiary of AT&T Inc. that provides management and specialized services to its parent company and the parent company's direct and indirect subsidiaries and affiliates. Among its other activities, AT&T Services, Inc. purchases products and services, including rights to television

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[3] Report and Order, *Implementation of the Cable Television Consumer Protection and Competition Act of 1992*, 13 FCC Rcd 15822, 15842, ¶ 41 (1998) ("*1998 Implementation Order*").

programming, on behalf of AT&T Connecticut and other affiliated communications service providers. *See* Declaration of Daniel York ¶ 14 ("York Decl.," attached as Exhibit 2).

12. Herein, AT&T Connecticut and AT&T Services, Inc. are collectively referred to as "AT&T." AT&T's contacts for purposes of this complaint are:

Christopher M. Heimann
Bruce R. Byrd
Gary L. Phillips
Paul K. Mancini
1120 20th Street, N.W., Suite 1000
Washington, D.C. 20036
(202) 457-3055

Austin C. Schlick
Sean A. Lev
Kelly P. Dunbar
Kellogg, Huber, Hansen,
Todd, Evans & Figel, P.L.L.C.
1615 M Street NW, Suite 400
Washington, D.C. 20036
(202) 326-7900

Tom Rawls
AT&T South
2180 Lake Boulevard
Suite 12B01
Atlanta, GA 30319
(404) 829-8322

THE DEFENDANTS

13. Defendant Cablevision is the fifth largest cable television operator in the United States.[4] Cablevision operates incumbent cable systems in the New York and Hartford/New Haven Designated Market Areas ("DMAs"),[5] including a system in Stamford, Connecticut, which is one of the service areas in which AT&T offers its IP video service.

14. Cablevision's address is 1111 Stewart Avenue, Bethpage, NY 11714, and its telephone number is (516) 803-2300.

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[4] *See* NCTA, *Top 25 MSOs – As of December 2006*, http://www.ncta.com/ContentView.aspx?contentId=73 (citing Kagan Research).

[5] A DMA is a group of counties in which the largest broadcast viewing share is given to the same geographically defined group of broadcast stations. For a list of MVPDs serving each DMA, *see* http://research.backchannelmedia.com/search (visited May 18, 2007).

15. Defendant Rainbow is a wholly owned indirect subsidiary of defendant Cablevision.[6]

16. Among its other sports programming holdings, Rainbow wholly owns and operates FSN NY and MSG. Rainbow also owns 50% of SportsChannel New England Limited Partnership, which owns and operates FSN NE.[7] According to Rainbow's Internet website, Rainbow "owns and operates" FSN NE.[8] Rainbow negotiates carriage agreements with MVPDs for these three RSNs. *See* York Decl. ¶ 16. This Complaint involves Rainbow's refusal to license FSN NY, MSG, and FSN NE to AT&T.

17. FSN NY and MSG hold rights to produce and exhibit games of the NBA's New York Knicks; the NHL's New York Rangers, New York Islanders, New Jersey Devils, and Buffalo Sabres; the WNBA's New York Liberty, and Major League Soccer's Red Bull New York, plus regional collegiate football and basketball.[9] FSN NE holds rights to produce and

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[6] *See* Cablevision Systems Corp., Form 10-K at 1 (SEC filed Feb. 28, 2007), attached as Exhibit 3.

[7] *See id.* at 9 & Exh. 21.

[8] Rainbow Media, *Regional Businesses: Rainbow Sports Networks*, http://www.rainbow-media.com/regbus/sports.html, attached as Exhibit 4; *see also* Fox Sports New England, *About*, http://fsnnewengland.com/About.jsp ("FSN New England is owned and managed by Rainbow Sports Networks."), attached as Exhibit 5.

[9] *See* Exhibits 3 & 6 (attaching Cablevision Systems Corp., Form 10-K at 46 (SEC filed Feb. 28, 2007); MSG Network Press Release, *MSG Networks, Devils Announce 20-Year Rights Agreement* (Nov. 8, 2004); The Garden, *MSG Network/Fox Sports Net*, http://www.thegarden.com/inandaroundgarden_corporate_msgnetworks.html; *MSG Networks and The New Jersey Devils Announce Carriage Extension*, PR Newswire (Nov. 8, 2004); MSG Network, *College: Hoops on TV*, http://msgnetwork.com/ncaa_hoops_sched.jsp; MSG Network, *2006 MSG College Football Telecast Schedule* (Oct. 24, 2006), http://msgnetwork.com/content_news.jsp?articleID=v0000msgn20060802T201323821&newsgroup=ap.sportsml.columnist.article/other&sports=general&team=other&league=general).

exhibit games of the NBA's Boston Celtics and Major League Soccer's New England Revolution, and certain college sports teams in New England.[10]

18. In Stamford, Connecticut, Cablevision is the incumbent cable television operator and offers its cable subscribers FSN NY and MSG programming.[11]

19. In New Haven and Hartford, Connecticut, the incumbent cable provider is Comcast, which co-owns FSN NE with Cablevision. Rainbow licenses FSN NE to Comcast for distribution over its Hartford system.[12]

20. Rainbow also licenses FSN NY, MSG, and FSN NE to direct broadcast satellite ("DBS") providers DIRECTV and EchoStar (DISH Network) for distribution to subscribers throughout Connecticut.[13]

21. Rainbow owns and operates national cable programming networks, as well as another RSN that serves other parts of the country. Rainbow's other RSN is FSN Bay Area, which shows games of the San Francisco Giants and Oakland Athletics (MLB), Golden State Warriors (NBA), and San Jose Sharks (NHL), among other teams.[14]

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[10] *See* Exhibit 7 (attaching Rainbow Media Press Release, *FSN New England Boston Celtics Telecasts Earn 14th Consecutive Boston/New England Emmy Nomination* (May 8, 2006); FSN New England, *Programming*, http://fsnnewengland.com/Programming.jsp).

[11] *See* Optimum, *Channel Lineup > Norwalk*, http://www.optimum.com/lineup.jsp?regionId=30.

[12] *See* Comcast, *Channel Lineup*, http://www.comcast.com/customers/clu/channelLineup.ashx.

[13] *See* DIRECTV, *Sports*, http://www.directv.com/DTVAPP/packProg/channelChart2.jsp?assetId=1200057 (listing DIRECTV sports programming); DISH Network, *DISH Network Multi-Sport Package*, http://www.dishnetwork.com/content/whats_on_dish/pay_per_view/sports/multi_sports_packages/packages.aspx (listing Dish Network sports programming).

[14] *See* FSN Bay Area, *Teams*, http://fsnbayarea.com/Teams.jsp.

22. FSN NY, MSG, and FSN NE are "satellite cable programming," as that term is defined in 47 C.F.R. § 76.1000(h), because the programming "is transmitted via satellite" and "is primarily intended for direct receipt by cable operators for their retransmission to cable subscribers." *Id.* [15]

23. Rainbow is a "satellite cable programming vendor," as that term is defined in 47 C.F.R. § 76.1000(i), because Rainbow is "engaged in the production, creation, or wholesale distribution for sale of satellite cable programming." *Id.* [16]

24. By virtue of its 100 percent ownership interest in Rainbow, Cablevision has a "cognizable" and "attributable" interest in Rainbow, as defined in 47 C.F.R. § 76.501 (notes 1-5) and 47 C.F.R. § 76.1000(b). Accordingly, Rainbow is a satellite cable programming vendor in which a cable operator has an attributable interest.

25. Rainbow's address is 200 Jericho Quadrangle, Jericho, NY 11753, and its telephone number is (516) 803-3000.

STATEMENT OF FACTS

The U-verse[sm] Service

26. In an effort to bring needed competition to the market for video services, AT&T has undertaken a multi-billion dollar capital initiative known as Project Lightspeed, to deploy more than 40,000 miles of new fiber-optic facilities. That roll-out of fiber technology is enabling

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[15] *See generally* Memorandum Opinion and Order, *RCN Telecom Services of New York, Inc., Complainant, v. Cablevision Systems Corporation, Madison Square Garden Network, Inc. and Fox Sports Net – New York, Defendants,* 14 FCC Rcd 17093, 17096, ¶ 6 (1999); NCTA, *Industry Overview > Cable Networks: FSN New England,* http://www.ncta.com/industry_overview/programList.cfm?network_id=901&detail=1.

[16] *See* Memorandum Opinion and Order, *Corporate Media Partners d/b/a Americast and Ameritech New Media, Inc. v. Rainbow Programming Holdings, Inc.*, 12 FCC Rcd 15209, 15212, ¶ 9 (1997) ("Rainbow is the managing partner of satellite cable programming vendors as defined by the Communications Act and the Commission's rules.").

AT&T to provide customers with IP video over its upgraded wireline network. IP video is an efficient, packet-switched video technology that allows the provider to send each subscriber the particular video programming that the subscriber is requesting at the moment—without having to stream unwanted programming over the subscriber's connection. IP video technology allows AT&T to offer extensive video-on-demand options, as well as advanced interactive features. *See* York Decl. ¶¶ 3-5.

27. AT&T's U-verse[sm] service delivers IP video and high-speed Internet access through integrated broadband facilities. The U-verse[sm] service is available in 20 markets across the United States, including portions of Hartford, New Haven, and Stamford, Connecticut. *See id.* ¶¶ 8-9.

28. In Connecticut, AT&T is in the vital start-up phase of its launch of U-verse[sm] service. AT&T is accordingly striving to rollout a service that will attract new subscribers initially, and retain the subscribers that it wins. AT&T's most popular U-verse[sm] TV service in Connecticut (its "U-300" product) offers over 240 "channels" of English and Spanish-language video programming that is comparable to what a digital cable television service or DBS satellite system might offer, as well as additional premium packages, a video on demand library, and enhanced functions such as fast channel changing and picture-in-picture viewing (without the need for consumers to purchase televisions equipped with picture-in-picture functionality). *See id.* ¶¶ 6, 10.

Connecticut's Determination that AT&T Does Not Require a Cable Franchise

29. The Connecticut Department of Public Utility Control ("DPUC") is a state agency charged with awarding and renewing cable television franchises in Connecticut. *See* Conn. Gen. Stat. §§ 16-330 to -333p. In June 2006, the DPUC concluded that AT&T's IP video service is

not a "cable service" under federal law, specifically 47 U.S.C. § 522, and AT&T's network, as used to provide IP video, therefore is not a "cable system," under section 522. The DPUC explained:

> [i]f [AT&T] were to use [its] network solely for the provision of voice and data services, it would not be considered a cable system; rather, it would be considered a high speed broadband network. Inclusion of a video packet stream in addition to voice and data does not in the opinion of the [DPUC], transform the network into a cable system.[17]

30. The DPUC's decision recognized that AT&T's service involves the provision of video programming in a manner that is fundamentally distinct from cable television service. Whereas cable service broadcasts video programming, such that all subscribers receive all channels at all times, AT&T's IP video service is a switched service, where a subscriber establishes a unique two-way data stream that provides only the specific video program he or she has requested. Unlike the one-way broadcasting that characterizes cable service, AT&T's IP video service is an inherently interactive, two-way, switched means of offering video programming. *See* York Decl. ¶ 4.

AT&T's Efforts to Secure Carriage Agreements for Rainbow's RSNs in Connecticut

31. In view of the importance of RSN programming to MVPDs, AT&T, in 2005, attempted to initiate negotiations for carriage of Rainbow's RSNs, as well as other Rainbow programming, in all markets—including Connecticut—in which AT&T planned to offer its U-verse[sm] TV service. *See id.* ¶ 19. On September 13, 2005, as part of that effort, representatives of AT&T met with representatives of Rainbow in New York City in an effort to

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[17] Decision, *DPUC Investigation of the Terms and Conditions Under Which Video Products May Be Offered by Connecticut's Incumbent Local Exchange Companies*, Docket No. 05-06-12, at 39 (Conn. DPUC June 7, 2006), attached as Exhibit 1, appeal pending, *Office of Consumer Counsel v. Southern New Eng. Tel. Co.*, No. 3:06-cv-01106 (JBA) (D. Conn.).

obtain a carriage proposal from Rainbow. After AT&T made a presentation explaining Project Lightspeed and the U-verse℠ service, including initial launch plans for the service in Texas, Rainbow's representatives stated that Rainbow would not make a carriage proposal to AT&T because AT&T did not have cable television franchises in Texas. *See id.* ¶ 24.

32. On November 1, 2005, pursuant to Texas's new law allowing video franchising at the state level, the Public Utility Commission of Texas granted AT&T a certificate of franchise authority to provide video service in the San Antonio area.[18] The next day, AT&T advised Rainbow of this development and reiterated its request for a carriage proposal that would include all of Rainbow's programming (including its RSNs). *See* York Decl. ¶ 25. On November 4, 2005, Rainbow indicated that AT&T could expect to receive a proposal from Rainbow by the end of the month. *See id.* ¶ 26. Yet the proposal that AT&T received from Rainbow on November 22, 2005, did not include Rainbow's RSNs. *See id.*

33. Despite making clear that it sought a proposal that would include all of Rainbow's RSNs, AT&T did not receive a carriage proposal covering Rainbow's RSN programming until March 31, 2006. *See id.*¶¶ 27-28. That proposal did not include terms for carrying FSN NY and MSG in the New York DMA, which includes Stamford and other communities in southwestern Connecticut. *See id.* ¶ 28.

34. On April 4, 2006, AT&T's Senior Vice President for Programming, Rob Thun, reminded his counterpart at Rainbow, Bob Broussard, by telephone and email that AT&T was still seeking proposed rates for FSN NY and MSG. AT&T repeated that request on April 25 and April 28, 2006. *See id.* ¶¶ 29-32.

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[18] *See* Notice of Approval, *Application of Southwestern Bell Telephone, L.P. d/b/a SBC Texas for a State-Issued Certificate of Franchise Authority*, Project No. 31868 (Tex. PUC Nov. 1, 2005), *available at* http://interchange.puc.state.tx.us/WebApp/Interchange/Documents/31868_6_494961.PDF.

35. On April 28, 2006, Rainbow provided rates for FSN NY and MSG in the New York area, *see id.* ¶ 33, whereupon AT&T and Rainbow engaged in prolonged negotiations concerning a carriage agreement for Rainbow's various cable networks. AT&T's efforts to reach an agreement were impeded by Rainbow's delays, despite AT&T's repeated explanations that it needed Rainbow's programming for launches in new video service territories. *See id.*

36. During these negotiations and exchanges of key contract terms, Rainbow did not raise its cable-franchising requirement, which AT&T therefore believed had been dropped by Rainbow. *See id.*

37. On November 29, 2006, Rainbow provided AT&T with a draft carriage agreement that was to serve as a template for carriage agreements covering all of Rainbow's programming, including its RSNs. Rainbow's draft language referred to AT&T's IP video systems as "'cable systems' (as defined in applicable federal communications law)" and provided that "[AT&T] shall have obtained for each System for each Service Area, before commencing distribution of the Service over such System in such Service Area (or earlier as required under applicable law), a valid cable franchise (specifically identifying and authorizing each such Service Area) from the appropriate governmental franchising authority for the construction and operation of a cable system throughout such System's Service Area." *See id.* ¶ 34.

38. The draft agreement separately, and in addition, required AT&T to "represent[] and warrant[]" that it had all necessary authorizations from federal, state, and local government authorities and agencies to operate its IP video systems, would continue to have such authorizations, and would comply with all applicable laws and regulations. *See id.* ¶ 35.

39. In subsequent exchanges of drafts during December 2006, AT&T struck out the cable-franchising provision, but agreed to represent and warrant that its IP video systems do and will comply with all applicable laws and regulations. Rainbow insisted on including both the representation and warranty of legal compliance *and* its contractual franchising requirement. *See id.* ¶¶ 36-37.

40. On December 22, 2006, in attempting to justify the cable-franchise condition, Rainbow's Vice President and Associate General Counsel, Kenneth Goorin, advised AT&T's Executive Vice President–Content and Programming and chief negotiator, Daniel York, that Rainbow was "not sure" how it could "agree to license programming" to AT&T if AT&T did not have a cable franchise. *Id.* ¶ 36. In addition, Mr. Goorin expressed concern that "there may be issues under some of our content agreements regarding our permitting distribution on what you call an 'IPTV system.'" *See id.*

41. George Callard, an AT&T attorney, responded that same day to Mr. Goorin's assertions, saying that he would be "happy to discuss these issues" with Mr. Goorin or anyone at Rainbow. Mr. Callard explained that AT&T was at that time providing its U-verse[sm] IP video service in Texas and would soon launch the service in California, Indiana, and Connecticut, and "[i]n each of those states, AT&T is authorized to provide service, whether under state law or decision of a regulatory agency." *See id.* ¶ 37. Further, Mr. Callard noted, AT&T had entered into more than 100 programming agreements, including agreements with the major broadcast and cable programmers, and franchising had not been an obstacle to any of those negotiations. *See id.*

42. On January 4, 2007, Rainbow provided AT&T with a draft agreement for FSN Bay Area, which Rainbow said was to serve as a "template for all other RSNs." *Id.* ¶ 38. The

draft contained Rainbow's requirements for representations and warranties, as well as the cable-franchise condition from the earlier draft agreement. *See id.*

43. In the following months, AT&T and Rainbow further negotiated the earlier draft and FSN Bay Area agreements, with Rainbow maintaining its insistence on the cable-franchising requirement that AT&T had rejected as unlawful and unacceptable in the prior discussions concerning the AMC draft. *See id.* ¶¶ 39-41.

44. On April 4, 2007, Mr. Thun and Mr. Callard of AT&T spoke by telephone with Mr. Goorin and another Rainbow attorney, Adam Levine, in an effort to resolve the cable-franchising issue. Rainbow refused to delete its franchising requirement. Because AT&T urgently required FSN Bay Area and Rainbow's other programming for its U-verse[sm] TV service in California and elsewhere, AT&T accepted Rainbow's best and final offer, which was to sign carriage agreements that allowed AT&T to present FSN Bay Area and certain national networks in certain designated states in which statewide franchise statutes had been enacted (which did not at that time include Connecticut). *See id.* ¶ 42.

45. Accordingly, although at that point AT&T and Rainbow already had effective carriage agreements covering a number of Rainbow cable programming networks in a number of states, those agreements do not cover carriage of FSN NY, MSG, or FSN NE, and they do not cover the State of Connecticut for any of Rainbow's programming. Rainbow refused to allow carriage of its RSNs by AT&T, effectively reversing the Connecticut DPUC's determination that AT&T is authorized to provide IP video service in the state. Rainbow took the firm position that it would not license the three RSNs to AT&T for carriage in Connecticut unless AT&T first obtains cable franchises for its service areas in that state. *See id.* ¶ 43.

46. On May 11, 2007, AT&T's Mr. York sent Rainbow and Cablevision (for delivery on May 14, 2007) a letter advising them that Rainbow's insistence on its cable-franchise condition violates the program access provisions of the Communications Act and the Commission's program access rules. Mr. York notified Defendants that if they did not abandon the cable-franchise requirement and proceed with good-faith negotiations toward carriage agreements covering FSN NY, MSG, and FSN NE in Connecticut, AT&T would file a program access complaint with the Commission. *See id.* ¶ 45 & Attach. A.

47. On May 18, 2007, Mr. Levine acknowledged receipt of AT&T's letter. *See id.* ¶ 46. On May 22, 2007, Mr. Levine contacted Mr. York and reiterated Rainbow's position that it would consider allowing AT&T to carry its programming in Connecticut upon Connecticut's enactment of a statewide video franchise statute. *See id.* Finally, on May 24, 2007, David E. Deitch, Senior Vice President and General Counsel of Rainbow, formally responded to AT&T's letter, continuing to insist that Rainbow's "actions are completely consistent with any obligations under the program access rules." *See id.* ¶ 47 & Attach. B.

48. On June 6, 2007, the Connecticut Legislature adopted legislation, effective October 1, 2007, establishing procedures for franchising of wireline video service providers at the state level. The legislation authorizes existing wireline video service providers in Connecticut, such as AT&T, to continue to offer their video service while applying for a state-level franchise. *See id.* ¶ 48; Connecticut General Assembly, Substitute for Raised H.B. No. 7182, *available at* http://www.cga.ct.gov/asp/cgabillstatus/cgabillstatus.asp?selBillType=Bill&bill_num=7182&which_year=2007&SUBMIT1.x=7&SUBMIT1.y=6.

49. AT&T had postponed the filing of this complaint in the hope that passage of the new state legislation would cause Rainbow to license the RSN programming. Accordingly, AT&T's Mr. York contacted Mr. Levine immediately upon passage of the legislation on June 6, to request, once again, the execution of a carriage agreement for the RSNs in Connecticut. *See* York Decl. ¶ 49.

50. On June 12, 2007, Mr. Thun and Tom Rawls, General Attorney for AT&T, received Mr. Levine's response by telephone. Mr. Levine refused to say whether Rainbow would continue to insist upon its unlawful franchise condition. *See id.* ¶ 51. Not only that, but Mr. Levine advised AT&T that Rainbow had come up with new reasons why it will not license the RSNs to AT&T, including a new argument that AT&T was in breach of other contracts, and that Rainbow could not license FSN NE to AT&T because Cablevision hopes to sell its interest in FSN NE to Comcast. Mr. Levine suggested that AT&T should negotiate a deal for FSN NE with Comcast, even though Rainbow retains the right and obligation to license FSN NE in accordance with the program access rules. *See id.*

51. AT&T requested a firm answer from Rainbow by June 15, 2007, stating whether it would or would not license the RSNs to AT&T in Connecticut. *See id.* ¶ 52. On June 15, 2007, Mr. Levine contacted Mr. Thun via email and failed to respond meaningfully to AT&T's request for access to Rainbow's RSNs in Connecticut. *See id.* ¶ 53. Mr. Levine instead expressed only a willingness to "continue . . . discussions" of the pretextual justifications that Rainbow had raised after passage of the Connecticut legislation to continue to deny AT&T access to Rainbow's RSNs in Connecticut. *See id.* ¶ 53. With respect to Connecticut, Mr. Levine asked why the parties should "reopen the [existing] franchise requirements," ignoring the

fact that Connecticut regulators and legislators have provided AT&T with express authority to provide its video service in the state. *Id.*

52. Mr. Thun responded to Mr. Levine on June 15, 2007, explaining again that AT&T has all of the authority that it needs to provide video service in Connecticut and that the passage of the Connecticut legislation should have allowed the parties to reach agreement. *See id.* ¶ 54. Mr. Thun advised that Mr. Levine's email was not a favorable response to AT&T's proposal and that AT&T would proceed accordingly.

COUNT I

REFUSAL TO SELL PROGRAMMING IN VIOLATION OF THE COMMUNICATIONS ACT AND COMMISSION RULES

53. AT&T incorporates by reference the foregoing paragraphs as though fully stated herein.

54. Under the Communications Act, 47 U.S.C. § 548(b) and (c), and the Commission's rules, 47 C.F.R. §§ 76.1001-76.1002, a cable operator, or a satellite cable programming vendor in which a cable operator has an attributable interest, may not engage in unfair methods of competition or unfair or deceptive practices, the purpose or effect of which is to hinder or prevent any MVPD from providing satellite cable programming to its subscribers. Unreasonably refusing to sell satellite cable programming, or to negotiate for such sale, is prohibited discrimination.[19]

55. FSN NY, MSG, and FSN NE are satellite cable programming.

56. Rainbow is a satellite cable programming vendor in which a cable operator (Cablevision) has an attributable interest.

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[19] *See* 47 U.S.C. § 548(c)(2)(B); 47 C.F.R. § 76.1002(b); *Section 621 Order* ¶ 116.

57. AT&T is an MVPD. In Connecticut, AT&T competes directly against Cablevision and other incumbent cable operators that carry the same Rainbow RSN programming that Defendants will not license to AT&T in Connecticut.

58. Defendants are engaged in unfair methods of competition and unfair and deceptive acts and practices, and unlawful discrimination, because defendant Rainbow has refused to negotiate in good faith with AT&T for the licensing of its RSN programming, while providing that programming to defendant Cablevision and other MVPDs that compete with AT&T. The MVPDs to which Rainbow sells its RSNs in Connecticut include DirecTV and EchoStar. These DBS providers do not hold cable franchises. Therefore, necessarily, Rainbow has not subjected them to the cable-franchise condition that Defendants seek to impose on AT&T.

59. Rainbow's refusal to deal with respect to FSN NY, MSG, and FSN NE has the purpose or effect of preventing AT&T from providing Rainbow RSNs to its subscribers in Connecticut. Rainbow's refusal to deal harms AT&T because Cablevision and other MVPDs against which AT&T competes in Connecticut are able to provide Rainbow's RSN programming, which subscribers consider valuable, whereas AT&T cannot. *See* York Decl. ¶¶ 11, 55-56.

60. By unreasonably refusing to sell Rainbow's RSNs to AT&T in Connecticut, Defendants have engaged in unfair methods of competition or unfair or deceptive practices in violation of the Act, 47 U.S.C. § 548(b), and the Commission's rules, 47 C.F.R. § 76.1001, and unlawful discrimination in violation of 47 U.S.C. § 548(c)(2)(B) and 47 C.F.R. § 76.1002(b).

61. A refusal to sell programming that is not supported by "legitimate reasons" is unreasonable and unlawful. *Video Programming Order*, 8 FCC Rcd at 3412, ¶ 116. Thus, as the

former Cable Services Bureau held in finding Rainbow guilty of attempting to exclude telephone companies from video distribution markets, Rainbow must justify any burdensome conditions that it seeks to impose on telephone companies, but not their competitors, in light of one of the factors enumerated in 47 C.F.R. § 76.1002(b)(1), (2), or (3).[20]

62. Rainbow's cable franchise condition is not justifiable by any legitimate business reason under section 76.1002(b). The DPUC has confirmed that AT&T does not currently require a franchise to provide IP video service in Connecticut, and the Connecticut Legislature has passed legislation providing for express, state-level authorization of AT&T's IP video service going forward.

63. The cable-franchise provision on which Rainbow is insisting does nothing to advance its purported purpose of ensuring AT&T's compliance with applicable laws and regulations. It has only one purpose: Impeding AT&T's market entry as an MVPD by requiring AT&T to obtain a cable franchise that governmental authorities do not require and might not even be willing to issue.

64. Defendants' violation of the program access rules is confirmed by Rainbow's last-minute interjection of other pretextual issues into the negotiations for carriage of Rainbow's RSNs in Connecticut, including Rainbow's suggestion that AT&T should negotiate with Comcast for carriage of RSN programming that is under Rainbow's control. Furthermore,

[20] *See* Memorandum Opinion & Order, *Corporate Media Partners d/b/a Americast and Ameritech New Media, Inc. v. Rainbow Programming Holdings, Inc.*, 12 FCC Rcd 15209, 15217-18, ¶ 20 (CSB 1997); *see also* Memorandum Opinion and Order, *Echostar Communications Corp. v. Fox/Liberty Networks, LLC, FX Networks, LLC*, 13 FCC Rcd 7394, 7403, ¶ 19 (CSB 1998) ("To avoid a decision in favor of the complainant where the defendant has refused to sell its programming to the complainant, the defendant must establish that its refusal to sell its programming to the complainant is not unlawfully discriminatory because it is justified by legitimate business reasons.").

Rainbow's new (and unfounded) allegations that AT&T has breached contracts relating to other programming are not a basis for refusing to license RSNs in Connecticut. In *Bell Atlantic Video Services Co. v. Rainbow Programming Holdings, Inc.*, 12 FCC Rcd 9892 (CSB 1997)—another decision where the Cable Services Bureau found Rainbow guilty of unlawfully denying regional sports programming to a telephone company—Rainbow attempted to defend its refusal to sell RSNs to Bell Atlantic on the basis that Bell Atlantic owed Rainbow a refund of a channel-reservation deposit for Bell Atlantic's video dialtone system. *See id.* at 9897, ¶ 14. The Bureau held that Rainbow could not use "a separate, unrelated dispute" with Verizon concerning the channel-reservation deposit as grounds for refusing to sell its programming. *Id.* at 9901-02, ¶¶ 24-25. So too here. The collateral issues that Rainbow raised for the first time after AT&T delivered its ten-day notice letter on May 11, 2007, are "not relevant to the disposition of [this] program access complaint." *Id.* at 9902, ¶ 27.

65. Finally, Defendants' violation of the program access rules undermines the federal policy of promoting broadband deployment, which is a factor that the Commission should consider in implementing its program access regulations. Section 706(a) of the Telecommunications Act of 1996 directs the Commission to "encourage the deployment . . . of advanced telecommunications capability to all Americans" by, among other things, "methods that remove barriers to infrastructure investment." 47 U.S.C. § 157 note. Congress's mandate may appropriately be considered when implementing the program access rules.[21]

66. Specifically, the Commission has recognized that barriers to successful competitive entry by wireline MVPDs such as AT&T "discourage investment in the fiber-based

[21] *Cf. Section 621 Order*, 22 FCC Rcd at 5132, ¶ 62 (noting that "[t]he D.C. Circuit has found that the Commission has the authority to consider the goals of Section 706 when formulating regulations under the Act") (citing *United States Telecom Ass'n v. FCC*, 359 F.3d 554, 580, 583 (D.C. Cir. 2004)).

infrastructure necessary for the provision of advanced broadband services" by reducing "the promise of revenues from video services to offset the costs of such deployment," and thus "defeat[] the congressional goal of encouraging broadband deployment." *Section 621 Order*, 22 FCC Rcd at 5103, ¶ 3. In this case, AT&T's inability to obtain Rainbow's must-have RSNs in Connecticut reduces expected revenues from the U-verse^{sm} service. This in turn reduces incentives to extend the Project Lightspeed broadband deployment to additional customers in Connecticut (particularly higher-cost customers) in order to support the U-verse^{sm} service. By contrast, ordering Defendants to offer the RSNs to AT&T on nondiscriminatory terms as the law requires will enable AT&T to offer video consumers in Connecticut a stronger competitive alternative to the incumbent cable operators' services, thus generating revenues that promote the Project Lightspeed broadband initiative. *See* York Decl. ¶¶ 56-57.

REQUEST FOR PROMPT DECISION

67. As discussed above, *see supra* paragraph 8, this Commission can and should resolve this complaint swiftly, within no more than a few months. That is the case both because the key facts are straightforward and indisputable and because any further delay in permitting AT&T access to "must have" programming will cause significant harm to consumers and competition.

68. Prompt consideration also is important because of Rainbow's pattern and practice of refusing to sell regional sports programming to telephone companies and other new entrants that seek to challenge incumbent cable operators. In addition to its two adjudicated violations of the program access rules on similar facts (*see Corporate Media Partners* and *Bell Atlantic Video Services*, *supra*), Rainbow was an alleged violator in numerous other proceedings that were

resolved without a formal decision.[22] It appears that Rainbow has *never* been exonerated of an alleged program access violation. Rainbow's long history of adjudicated and persuasively alleged abuses makes prompt Commission intervention especially appropriate. Such prompt consideration is vital to fulfill the public interest goals underlying the Commission's program access rules. In particular, a prompt decision is necessary to allow AT&T to present the full 2007-2008 professional basketball and hockey seasons to subscribers and potential subscribers in Connecticut who are fans of the New York Knicks, Boston Celtics, New York Rangers, New York Islanders, or New Jersey Devils.

69. In all events, because this Complaint involves solely a refusal to sell, the Commission's precedent provides that it should be processed within no more than five months of its submission to the Commission.[23]

REQUEST FOR PENALTIES

70. Defendants' repeated commission of program access violations in the normal course of business, together with their manifestly wrongful conduct in this case and their clear intent to block video competition, justify the imposition of forfeiture penalties under 47 U.S.C.

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[22] *See* Order, *Verizon Tel. Cos. and Verizon Svcs. Corp. v. Cablevision Sys. Corp. and Rainbow Media Holdings, LLC*, 21 FCC Rcd 13387 (MB 2006) (dismissing complaint after settlement providing for carriage of programming); Order, *EchoStar Communications Corp. v. Rainbow Media Holdings, Inc. and Rainbow Programming Holdings, Inc.*, 13 FCC Rcd 5252 (CSB 1998) (dismissing complaint after settlement); Order, *Interface Communications Group, Inc.; Digital Broadband Applications Corp. and; Residential Communications Network of Massachusetts, Inc. v. Cablevision Sys. Corp.; Rainbow Programming Holdings, Inc. and; American Movie Classics Co.*, 11 FCC Rcd 22381 (CSB 1996) (dismissing complaints concerning video dialtone in light of elimination of video dialtone rules); Order, *CAI Wireless Sys., Inc. and Connecticut Choice Television, Inc. v. Cablevision Sys., Inc. and Madison Square Garden Network, Inc.*, 11 FCC Rcd 3004 (CSB 1996) (allowing withdrawal of complaint); *CAI Wireless Sys., Inc. and Connecticut Choice Television, Inc. v. Cablevision Sys., Inc., Rainbow Programming Holdings, Inc., SportsChannel New England, and SportsChannel New York*, Order, 11 FCC Rcd 3049 (CSB 1996) (same).

[23] *See 1998 Implementation Order*, 13 FCC Rcd at 15842, ¶ 41.

§ 503(b). In the *1998 Implementation Order*, the Commission identified its forfeiture authority as "an effective deterrent of anti-competitive conduct" that "can be used in appropriate circumstances as an enforcement mechanism for program access violations." 13 FCC Rcd at 15828, ¶ 9. The Commission stated that it "intend[ed] to make greater use of [forfeiture] authority to sanction unlawful conduct." *Id.* A decade has now passed since the Commission issued those findings and its statement of resolve. The Commission should make good on them in this case.

REQUEST FOR RELIEF

For the foregoing reasons, AT&T asks the Commission to grant the following relief:

A. A declaration that Defendants have violated sections 628(b) and 628(c)(2)(B) of the Communications Act, 47 U.S.C. §§ 548(b) and (c)(2)(B), and sections 76.1001 and 76.1002(b) of the Commission's rules by refusing to sell FSN NY, MSG, and FSN NE to AT&T;

B. An injunctive order requiring Defendants immediately to enter into carriage agreements with AT&T for FSN NY, MSG, and FSN NE on nondiscriminatory terms and conditions;

C. An order requiring Defendants to pay forfeiture penalties under 47 U.S.C. § 503(b);

D. An order awarding AT&T all other appropriate relief.

Respectfully submitted,

Austin C. Schlick
Sean A. Lev
Kelly P. Dunbar
Kellogg, Huber, Hansen
Todd, Evans & Figel, PLLC
1615 M Street NW, Suite 400
Washington, D.C. 20036
(202) 326-7900

Christopher M. Heimann
Bruce R. Byrd
Gary L. Phillips
Paul K. Mancini
1120 20th Street, N.W., Suite 1000
Washington, D.C. 20036
(202) 457-3055

Tom Rawls
AT&T South
2180 Lake Boulevard
Suite 12B01
Atlanta, GA 30319
(404) 829-8322

Attorneys for AT&T

June 18, 2007

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

AT&T SERVICES, INC. AND SOUTHERN NEW ENGLAND TELEPHONE COMPANY D/B/A AT&T CONNECTICUT, INC., Complainants, v. RAINBOW MEDIA HOLDINGS, LLC AND CABLEVISION SYSTEMS CORP., Defendants.	File No.______________

VERIFICATION OF TOM RAWLS

I have read AT&T's Program Access Complaint ("Complaint") in this matter and, pursuant to 47 C.F.R. § 76.6(a)(4), state that, to the best of my knowledge, information, and belief formed after reasonable inquiry, the Complaint is well grounded in fact and is warranted under existing law or a good faith argument for the extension, modification, or reversal of existing law. The Complaint is not interposed for any improper purpose.

Tom Rawls

Tom Rawls

June 18, 2007

CERTIFICATE OF SERVICE

I, Sean A. Lev, hereby certify that on this 18th day of June, 2007, copies of the foregoing Program Access Complaint were served upon the parties listed on the attached service list by overnight delivery.

SERVICE LIST

Organization	Address
Cablevision Systems Corp.	Jonathan D. Schwartz Executive Vice President and General Counsel Cablevision Systems Corp. 1111 Stewart Avenue Bethpage, NY 11714
Rainbow Media Holdings, LLC	David A. Deitch Senior Vice President and General Counsel Rainbow Media Holdings, LLC 200 Jericho Quadrangle Jericho, NY 11753

Exhibit 5

Christopher Heimann
General Attorney

AT&T Services, Inc.
1120 20th Street NW, Suite 1000
Washington, D.C. 20036
Phone 202 457-3058
Fax 202 457-3074

July 10, 2009

Via Facsimile and Federal Express

Mr. Michael Bair
President, MSG Media
Madison Square Garden, L.P.
Two Penn Plaza, 16th Floor
New York, NY 10121
Fax: 212-465-6733

Ms. Lucinda Treat
General Counsel
Madison Square Garden, L.P.
Two Penn Plaza, 8th Floor
New York, NY 10121
Fax: 212-465-6466

Mr. Jonathan D. Schwartz
General Counsel
Cablevision Systems Corp.
1111 Stewart Avenue
Bethpage, NY 11714
Fax: 516-803-2040

Re: Notice of Intent to File Program Access Complaint with FCC

Dear Mr. Bair, Ms. Treat and Mr. Schwartz:

As you know, for several years now, AT&T has unsuccessfully sought to license the high definition (HD) format of the Madison Square Garden Network (MSG) and MSG Plus programming, which is controlled by Cablevision, for transmission on AT&T U-verse Service in Connecticut. AT&T first sought access to that programming four years ago, but was denied access to any MSG and MSG Plus programming until late 2007, when MSG agreed to provide AT&T the standard definition (SD) format of such programming to settle AT&T's program access complaint against Cablevision and Rainbow Media Holdings, LLC for unlawfully refusing to license that and other programming to AT&T. At that time, AT&T sought to include the HD format in its license agreement with MSG, but MSG refused on the ground that the HD format was delivered terrestrially, and thus purportedly outside the scope of the program access provisions of the Communications Act and the Commission's rules. Although AT&T has long disagreed with MSG's narrow interpretation of the statute and rules, AT&T agreed to temporarily set aside that issue, and limit the settlement only to the SD format, in order to avoid further delay in accessing that programming. Subsequently, AT&T sought to negotiate a license agreement for the HD format (most recently, at the end of April), including offering a proposal to resolve all disagreements with MSG, Rainbow and Cablevision. But MSG refused to license the HD format of MSG and MSG Plus programming for carriage on AT&T U-verse Service in Connecticut under any circumstances.

As AT&T consistently has made clear, the HD format of MSG and MSG Plus programming, which includes unique and irreplaceable regional sports programming, is critical to AT&T's ability to provide a viable, competitive multichannel video programming service to consumers in Connecticut. As MSG and Cablevision know, and as Cablevision's own advertising and other public statements confirm, the HD format of that programming is a driving factor in many consumers' choice of multichannel video programming distributors. Indeed, many sports fans, which represent a disproportionately large segment of the viewing public owning HD television sets, purchased those sets precisely so that they could watch their favorite teams in HD. Many of these viewers will not consider purchasing a service that does not offer their teams' programming in HD, as MSG and Cablevision no doubt are aware. As a consequence, MSG's refusal to deal is anticompetitive in both intent and purpose, and limits choice for Connecticut consumers in the video marketplace not only for the delivery of the programming at issue, but more generally for the other, satellite-delivered programming carried on AT&T U-verse. MSG's/Cablevision's actions also have anticompetitive effects in the markets for broadband service and for the triple play of broadband, voice and video, which the full U-verse service offers, also in competition with Cablevision in Connecticut. MSG's/Cablevision's actions thus are unlawful under the program access provisions of the Act and the Commission's rules.

MSG's unreasonable refusal to negotiate with AT&T necessitates this notice that, unless MSG agrees within the next ten days to negotiate in good faith a program license agreement for the HD format of MSG and MSG Plus programming, AT&T intends to file a program access complaint with the Federal Communications Commission under 47 C.F.R. § 76.1003, on the grounds that MSG's actions violate 47 U.S.C. § 628, and the Commission's rules implementing that section. This letter serves as the notice required under 47 U.S.C. § 76.1003(b).

We hope very much that MSG will reconsider its position so that we can reach a mutually beneficial licensing arrangement without a costly FCC proceeding.

Sincerely,

Christopher M. Heimann

cc: Daniel York
J. Christopher Lauricella
Tom Rawls

Exhibit 6

MINTZ LEVIN

701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
202-434-7300
202-434-7400 fax
www.mintz.com

Howard J. Symons | 202 434 7305 | hjsymons@mintz.com

July 23, 2009

VIA FAX AND FEDEX

Mr. Christopher M. Heimann
General Attorney
AT&T Services, Inc.
1120 20th St., NW
Washington, DC 20036

Dear Mr. Heimann:

I am writing in response to your letter of July 10 to Cablevision and Madison Square Garden, L.P. ("MSG") regarding AT&T's notice of intention to file a program access complaint with the Federal Communications Commission ("FCC") unless MSG accedes to AT&T's demand for access to MSG HD and MSG+ HD.

Your letter misstates the law and distorts the facts concerning MSG's carriage arrangements with AT&T. MSG has been, and remains in, compliance with applicable law regarding the licensing of MSG HD and MSG+ HD. Since 2007, AT&T has had the rights to carry MSG's satellite-delivered program services. As you know, and as MSG has made clear to AT&T since at least 2007, both MSG HD and MSG+ HD are delivered terrestrially and therefore do not meet the definition of "satellite cable programming" covered by the program access provisions of the Cable Act.

As AT&T is well aware, the FCC has ruled on numerous occasions that terrestrially-delivered programming is not subject to the program access rules. Earlier this year, the FCC denied AT&T's program access complaint against Cox Communications relating to the terrestrially-delivered Cox-4 in San Diego for precisely this reason, holding that "[u]nder existing precedent, there is no basis for us to grant the relief requested by AT&T in its Complaint."[1/] Less than two years ago, the FCC declined invitations from AT&T and others to expand the program access rules to cover terrestrially-delivered programming. The plain text of § 628 makes clear that it applies only to satellite cable programming, and the FCC precedents have remained consistent over many years to make perfectly clear that § 628 does not apply to terrestrially delivered programming such as MSG HD and MSG+ HD.

1/ *AT&T Services, Inc. and Pacific Bell Telephone Company d/b/a AT&T California v. CoxCom, Inc.*, Memorandum Opinion and Order, DA 09-530, CSR-8066-P, at ¶ 16 (rel. Mar. 9, 2009).

Under the normal rules of the marketplace, firms are free to choose the distributors for their products. While Congress created a narrow exception to these rules, that exception is limited to satellite-delivered programming. Because there is no legal obligation to provide AT&T with its terrestrially-delivered programming, MSG's determination not to provide AT&T with MSG HD and MSG+ HD is not unreasonable, unfair, or anticompetitive.

Your suggestion that lack of access to MSG HD and MSG+ HD somehow impairs "AT&T's ability to provide a viable, competitive multichannel video programming service to consumers in Connecticut" is unfounded. AT&T customers have in fact enjoyed access to MSG's sports programming as part of the satellite-delivered programming services that are the subject of the affiliation agreement between MSG and AT&T. All live professional sports events included in MSG HD and MSG+HD were also included in the MSG satellite-delivered programming services that are available to all of your subscribers.

AT&T's ability to provide satellite cable programming is in no way hindered by lack of access to MSG HD and MSG+ HD. Even without any legal right to terrestrial programming, AT&T has invested billions of dollars to upgrade its network infrastructure so that it could provide video service in competition with cable operators. AT&T offers hundreds of channels of satellite cable programming to each household within its video network footprint. It has garnered over 1.3 million customers in the short period of time it has been providing video service, putting it among the 12 largest MVPDs in the country. During the recently-completed 2008-09 NBA and NHL seasons, AT&T subscribers enjoyed access to every single professional hockey and professional basketball game shown on MSG's satellite-delivered services. Under these circumstances, your claim of competitive harm strains credulity.

In its own core telephony business, AT&T has condemned forced sharing arrangements because they undermine incentives for innovation and growth.[2/] And AT&T has vigorously defended its exclusive contract for the iPhone, stating that its handset exclusivities "do not foreclose" competitors from providing service, but "merely enhance" its wireless service offering.[3/]

MSG has invested years and substantial sums to develop its programming services, and it is not compelled to share the benefits of this investment with AT&T beyond the express requirements of the program access rules. With a market capitalization more than 25 times that of Cablevision's, AT&T clearly has the resources to acquire, invest in, and develop its own programming. AT&T's lack of access to MSG HD and MSG+ HD does not foreclose it from

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2/ *See* Brief of Pacific Bell Telephone Company d/b/a AT&T California at 15 and 29 in *Pacific Bell Tel. Co. v. LinkLine Communications*, 129 S. Ct. 1109 (2009).

3/ Comments of AT&T Inc., *In the Matter of Rural Cellular Association Petition for Rulemaking Regarding Exclusivity Arrangements Between Commercial Wireless Carriers and Handset Manufacturers*, RM-11497 (Feb. 2, 2009), at 30.

providing its own competing package of video service offerings, and AT&T is not harmed by Cablevision's use of those services to enhance its offerings.

We hope this response clarifies the matters raised in your letter.

Sincerely,

Howard J. Symons
Counsel to MSG and Cablevision

Exhibit 7

Second Annual Inside the Mind of the HD Sports Fan Study

CEA
Consumer Electronics Association

CONSUMER ELECTRONICS ASSOCIATION | 2500 WILSON BLVD. | ARLINGTON, VA 22201 | (703) 907-7600 | research@CE.org

Second Annual Inside the Mind of the HD Sports Fan Study

Consumer Electronics Association

CONSUMER ELECTRONICS ASSOCIATION | 2500 WILSON BLVD. | ARLINGTON, VA 22201 | (703) 907-7600 | research@CE.org

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Methodology

The report described herein was designed and formulated by the Consumer Electronics Association (CEA). The quantitative study was administered via Internet web form to an online national sample of 2,631 U.S. adults between November 27 and December 11, 2006.

The margin of sampling error at 95% confidence for aggregate results is +/- 1.9% and +/- 4.6% for HDTV owners. Sampling error is larger for subgroups of the data. As with any survey, sampling error is only one source of possible error.

As is common practice in survey research, the data was weighted to reflect the known demographics of the population under study. In this survey, weights were applied to cases based on gender, age, race and type of home Internet connection. As a result, this data can be generalized to the entire online U.S. adult population.

CEA designed this study in its entirety and is responsible for all content contained in this report. During the fielding of this study, CEA employed the services of Survey Sampling to provide e-mail-based sample. The e-mails were pulled as a random sample from a nationally representative panel of online households. Any questions regarding the study should be directed to CEA Market Research staff at research@CE.org.

The Consumer Electronics Association is a member of the Marketing Research Association (MRA) and adheres to the MRA's Code of Marketing Research Standards.

Note: In the analysis and presentation of some data, the following figures were used in calculations.

Total US Population: 294 million
Total US Adult Population: 220 million
Total US Households: 114 million
Percentage of US Adults with Internet Access: 75%

The above data are 2007 projections made by CEA, based on the U.S. Census Bureau's 2005 American Community Survey.

Research Objectives

The *Second Annual Inside the Mind of the HD Sports Fan* study builds on the data and analysis of the 2005 study. The research tracks consumer behavior, satisfaction, interest levels and several other key metrics from year to year.

The issues specifically examined in this report include:

- **Confirmation of the size and importance of the sports industry.**
- **Trending of how sports drives technology purchases, specifically HDTV.** What sports have the biggest impact on HDTV sales?
- **Profiling of HDTV owner sports fans.** What is the size of the "sports fan" segment and what is their demographic profile? What products do they own, what sports do they watch, and what technologies are they most excited about?
- **Exploring the role of HDTV advertising.** Do HDTV viewers care if commercials are broadcast in standard definition? What do viewers think about the advertisers that have made the move to high-definition?
- **Understanding how sports fans use technology to follow their favorite teams.** How many sports fans rely on the Internet to keep tabs on their favorite team? How many are interested in viewing online video sports highlights video clips?
- **Profiling the next wave of HDTV buyers.** How much or how little will sports drive the next wave of HDTV buyers? What sports are future HDTV buyers most excited to watch in high-definition?

Key Findings

- **At over $200 billion annually (see Figure 2), the economic impact of sports makes it one of the most important industries to the U.S. economy.** Factoring in the influence sports has on culture, communities, relationships, and for participants, general well being, the impact of sports is staggering.

- **57% of HDTV owners can be classified as sports fans, a number representing about 16.2 million U.S. households.** Whether firms sell hardware, software, content, services, or advertising, the sports fan segment is a lucrative market.

- **HDTV owner sports fans are slightly more likely to be male (61%), although ignoring the female audience (39%) means jeopardizing a substantial portion of the market.** In terms of HDTV ownership, the sports fan and the non fan have a similar ownership profile.

- **HDTV owner sports fans invest heavily in technology and media consumption.** Sports fans own more CE products than non fans and spend 37% more time watching television programming and DVDs than non fans.

- **48% of HDTV owner sports fans report purchasing their set to watch a specific sporting event.** The Super Bowl tops the list of HDTV sales drivers, followed by the Daytona 500 NASCAR race.

- **Nearly one in three HDTV owner sports fans indicate they always or often use high-definition programming as the determining factor for what they watch.** Among those watching sports, this genre of programming is viewed in high-definition at a higher rate than any other type of programming.

- **Fans rate the Super Bowl as their favorite sporting event to watch in high-definition**. While the big three of the NFL, NBA, and MLB capture several of the top spots, smaller niche sports such as extreme sports (skateboarding), ultimate fighting, or rugby shouldn't be overlooked due to their devoted, passionate fan bases.

- **Satisfaction with the quantity of high-definition sports programming increased 13 percentage points over the 2005 study.** This confirms broadcasters, content providers, and television delivery services are doing a good job of increasing their offerings to meet consumer demand. The bad news is many HDTV owners are still dissatisfied with the available high-definition offerings.

- **Television commercials have a significant effect on television enjoyment, television viewing behavior, and television economics**. The TV ad model is in a state of discovery (or rediscovery) due to new competitive pressures, new technologies, new consumer behaviors, and lastly high-definition television. Thirty-eight percent of HDTV owner sports fans view companies that advertise in high-definition more positively than those that do not.

- **High-definition programming has changed and will continue to change behavior.** Nearly half (41%) of sports fans agree to the statement "watching sports at home in high-definition is almost as good as attending the game in person." HD sports also entice fans to consume more television and introduce viewers to new sports that they otherwise would not have watched.

- **The increasing quality of the "in home" viewing experience combined with the increasing cost of the "in person" experience presents fans an interesting cost/benefit scenario**. For a family of four to attend one regular season game each of the NFL, NBA, NHL, and MLB, the total cost would exceed $1,000, which makes the "in home" HD experience quite compelling.

- **Sports highlight DVDs become big business.** Twenty-five percent of HDTV owner sports fans purchased at a least one sports highlight DVD. These purchases, conservatively, translate to over $100 million in sales.

- **A large number of fans rely heavily on technology to follow their favorite teams from other cities.** Sixty percent of sports fans say their favorite football team is located elsewhere.

- **Interest in new technologies and services signal changing times.** Sports fans express interest in a range of emerging technologies and services to follow, support, and interact with their favorite teams. Fifty-six percent are interested in DVR capabilities, while 42% want to record sports to an HD DVR. Additionally, 36% are interested in watching sports video clips streamed from the Internet (e.g. YouTube) on their primary living room television.

- **48% of non-HDTV owners expect to purchase a high-definition display within two years.** The next of HDTV buyers places more emphasis on a broader and more balanced mix of content. Expectant buyers overwhelming intend to purchase a flat panel display. Expectant buyers classified as sports fans are slightly more likely to purchase a larger display compared to the non sports fan.

Market Background

"Play ball," "Fore," "Touchdown," "Gentlemen, start your engines," or "Goaaalll!" However it's communicated, sports command attention. At over $200 billion[1] annually (see Figure 2), the economic impact of sports make it one of the most important industries to the U.S. economy. Factoring in the influence sports has on culture, communities, relationships, and for participants' general well being, the impact of sports is staggering.

Spectator sports in the U.S. have been dominated by the big three of football, baseball, and basketball for most of the history of professional sports. Figure 1 confirms that the NFL, MLB, and the NBA continue to generate substantial revenue and attract legions of fans.

In the past 20 years, several other sports such as golf, NASCAR, extreme sports (i.e. skateboarding or snowboarding), soccer and hockey now compete for the attention and wallet share of sports fans. NASCAR in particular has vaulted past many traditional sports and now boasts one of the largest fan bases in the U.S. And when it comes to big-money rights deals, many of the top college football and basketball conferences and tournaments are not far behind their professional counterparts.

Sports have long been tied to media and technology. The first radio broadcast of a baseball game occurred on August 5, 1921, providing fans a new mechanism to enjoy their favorite sport. In 1939, the first NFL football game was televised on NBC. Since then, sports consumption via radio, television and print has exploded.

With the advent of the Internet,

Figure 1 – Snapshot of Top U.S. Spectator Sports

National Football League (NFL)
The NFL consists of 32 teams worth an estimated $28.7 billion according to Forbes Magazine. The NFL's most recent television deal generates approximately $4 billion per season, which translates to $100 million per team. The 2005-2006 NFL regular seasons attracted slightly over 17 million attendees and over 106 million television viewers[2] .

Major League Baseball (MLB)
MBL consists of 30 teams worth an estimated $11.3 billion according to Forbes Magazine. MLB's most recent television deal generates approximately $833 million per season for the next six years. The deal translates to about $20 million per team. 2006 regular season attendance topped 76 million, with 76.7 million adult television viewers[3].

National Basketball Association (NBA)
The NBA consists of 30 teams worth an estimated $9.8 billion according to Forbes Magazine. The NBA's most recent television deal generates approximately $767 million per season for the next six years. The deal translates to about $20 million per team. A total of 25.6 million fans attended a regular season NBA game during the 2005-2006 season and nearly 61 million viewers tuned into a broadcast[4].

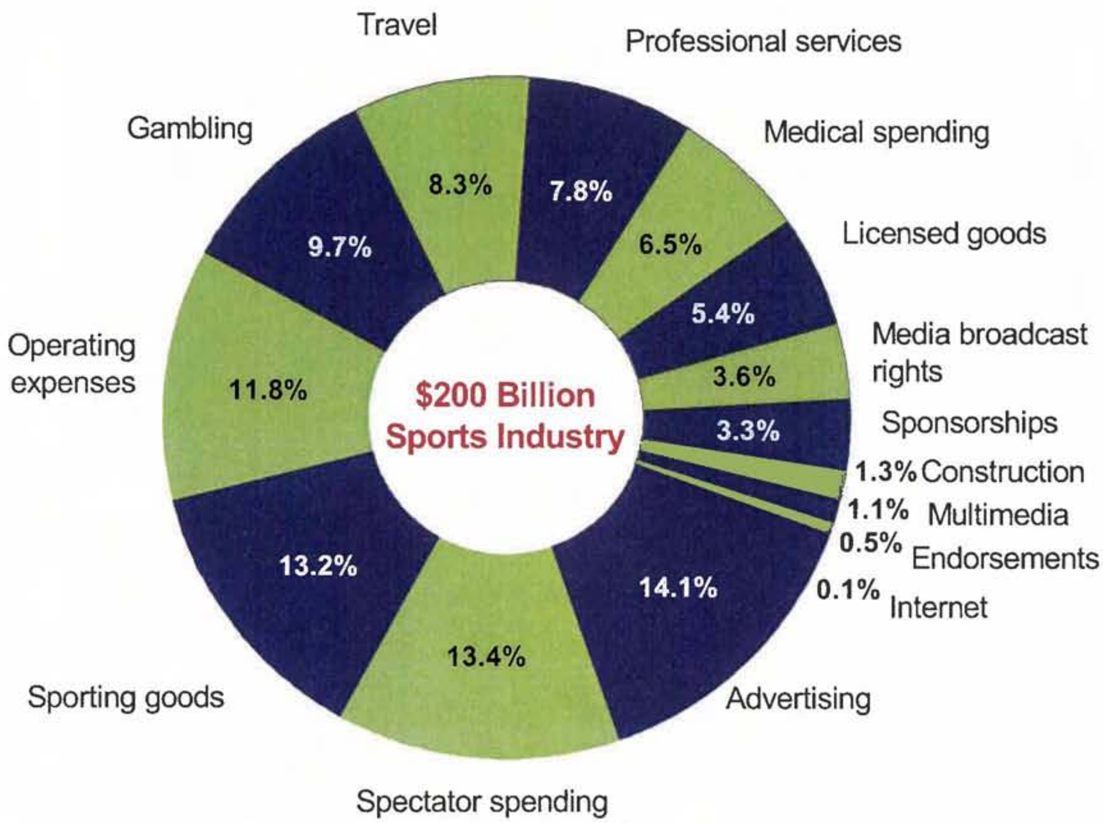
National Hockey League (NHL)
The NHL consists of 30 teams worth an estimated $5.4 billion according to Forbes Magazine. The NHL's most recent television deal generates $67.5 million per year over the next two years. Compared to other major sports, hockey teams generate only $2 million per team in TV revenue. 2005-2006 regular season attendance totaled 20.9 million[5].

Professional Golfers Association (PGA)
In 2004, the PGA Tour attracted over 10 million spectators that watched a golf event in person[6].

Auto Racing
NASCAR has a following of roughly 75 million fans. Seventeen of the top 20 spectator events belong to NASCAR. The Indy 500 is the largest single-day sporting event in the world, drawing 270,000 spectators annually[7].

videogames, wireless services and time/place shifting devices (e.g. TiVo), sports fans now have a broad array of choices to enjoy and interact with their favorite sports. This report will delve into the many ways sports impact product purchases, technology and consumer behavior.

Figure 2 – Sports Industry Composition



Source: Street & Smith's Sports Business Journal

CEA DTV Market Data
To provide context for the analysis throughout this report, it's helpful to understand sales trends for digital TVs. The following charts detail the growth of digital TVs, as well as the distribution of flat panel displays. Among the total pool of digital TVs sold, approximately 80% are capable of displaying a high-definition picture. Through 2006, consumers have opened their wallets to the tune of over $75 billion for purchases of HDTVs, making it one of the most important categories in the consumer electronics industry.

Figure 3

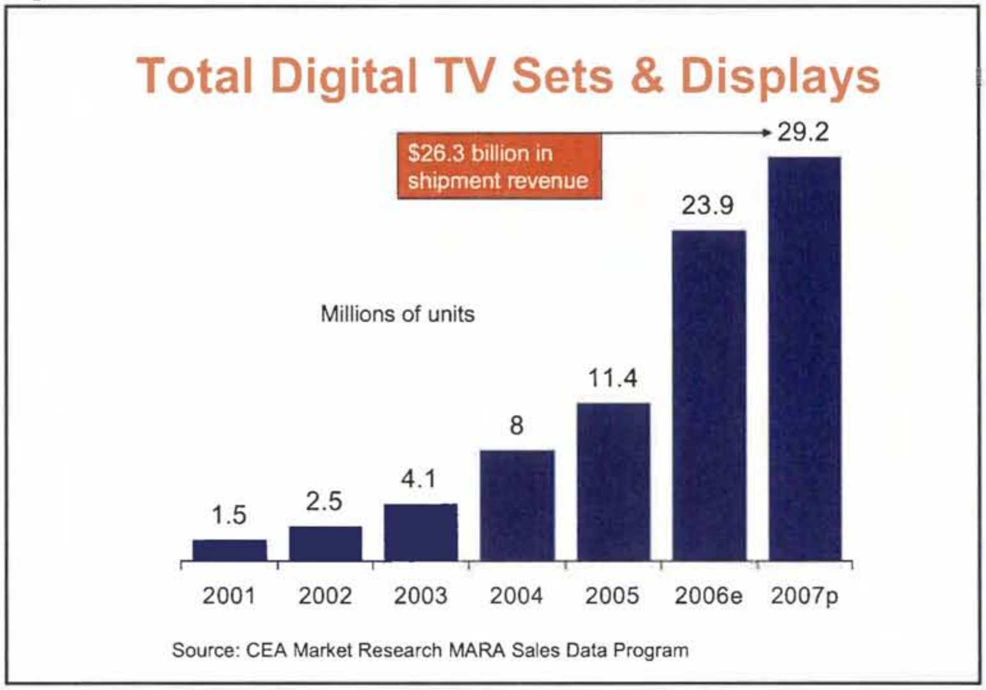
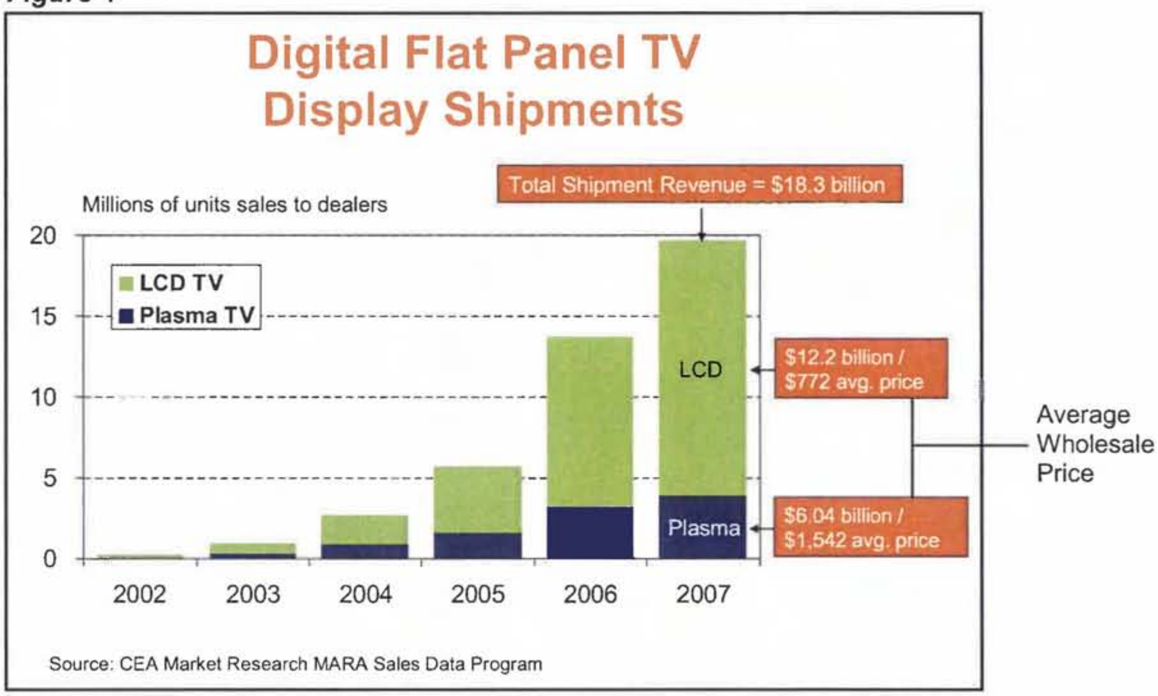


Figure 4



Detailed Findings

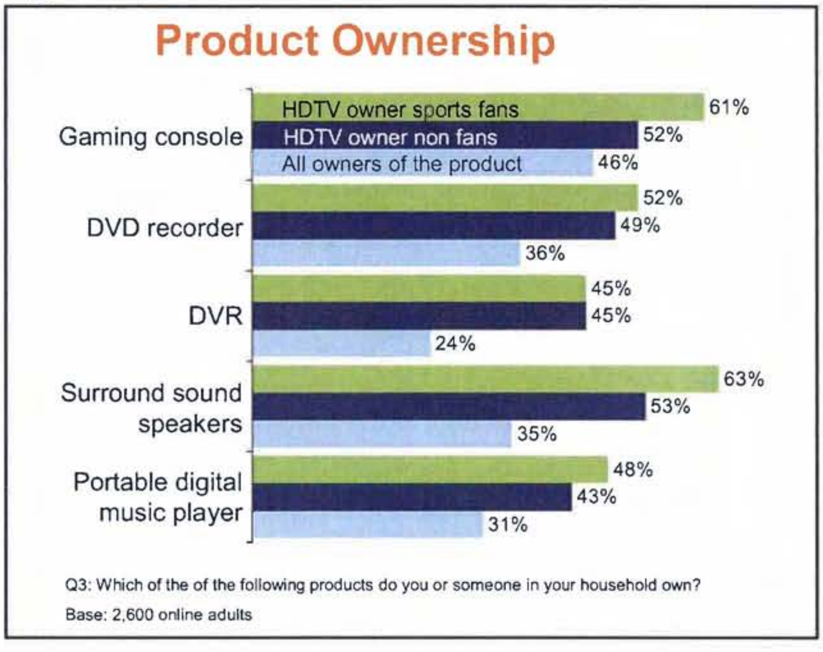
To start, what defines "sports fan?" The number of games/matches watched or attended? The number of team jerseys owned? Frequency of painting one's face with team colors? For the purposes of this study, a simpler, yet equally effective approach was taken. HDTV owners were asked to rate how much or how little they consider themselves to be a sports fan. Grouping those with a self-rating of a lot to somewhat, 57% of HDTV owners fall into the sports fan category. The remaining 43% consists of those that may watch the big game, the Olympics, or tune into a game periodically, but don't consider themselves to be sports fans. The 43% also includes those who do not engage with sports at all.

Why study sports fans? First, the 57% of HDTV owner sports fans represent about 16.2 million U.S. households, so in terms of sheer numbers, it's a sizeable group. Secondly, HDTV owner sports fans invest heavily in technology and media consumption. Whether firms sell hardware, software, content, services or advertising, the sports fan segment is a lucrative market.

I. Profiling the Sports Fan

Figure 5 indicates HDTV owner sports fans own CE products at a slightly higher rate than HDTV owner non sports fans and at a much higher rate than the overall (which includes non HDTV owners).

Figure 5



Looking specifically at HDTV ownership, sports fans and non fans have a similar profile. On average, HDTV households own 1.3 sets, with 22% owning two or more displays. Two-thirds of HDTV owners in the study report owning a flat panel display, followed by rear projection (24%), or some other display technology (15%). Among all owners, the greatest percentage (34%) have an HDTV screen size of less than 40 inches. The next most popular sizes fall in the 50" – 59" category (28%) and 40" – 49" (26%). Sports fans and non fans own display sizes in roughly the same proportion (40" average size for non fans vs. 41.6" average size for sports fans).

Seventy-seven percent of HDTV owners report receiving high-definition programming either through cable, satellite or over-the-air. As a testament to the fantastic picture quality of HDTV, even when displaying standard definition programming, some consumers are confused about the resolution of the programming they receive. Alternatively stated, some consumers believe purchasing an HDTV automatically means getting high-definition programming. Once consumers see the difference between standard definition and high-definition, the "ahh-haa" moment occurs and the desire to receive the best possible picture quality takes over. For others, however, the data suggests some HDTV owners do not want to pay an extra fee to cable or satellite services to upgrade to a high-definition package, while some simply have procrastinated and plan to upgrade when they get a chance. Additional research in this area will help stakeholders better understand this important issue.

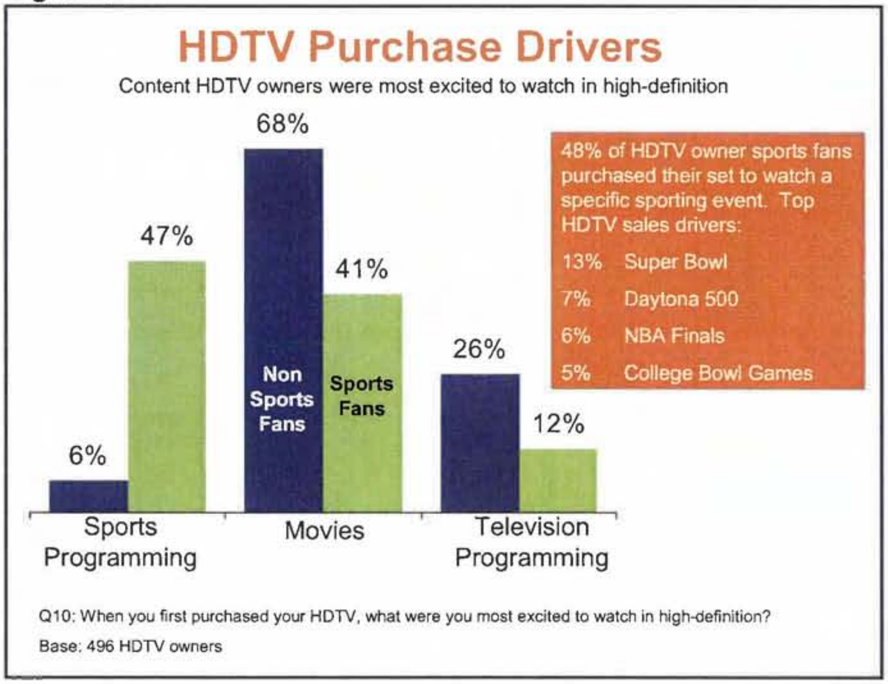
HDTV owner sports fans are slightly more likely to be male (61%), although ignoring the female audience (39%) means jeopardizing a substantial portion of the market. No statistically significant differences were found between HDTV owner sports fans and non fans for age, income and ethnicity.

II. Sports Drive HDTV Sales

As expected, sports programming plays a major role in the HDTV purchase decision of sports fans. Nearly half of sports fans indicate they were most excited to watch sports in high-definition upon purchasing an HDTV. Of course, owners want to watch all types of content, but certain types of content rank higher than others depending on the person.

Comparing preferences by gender reveals that both men and women rank movies as the content they're most excited to watch in high-definition. Thirty-seven percent of men and 21% of women rate sports programming highest. This further confirms the importance of the female audience among the sports fan segment.

Figure 6



Not only has the sports genre influenced sales, specific sporting events have inspired prospective HDTV buyers to make a trip to a retailer to purchase a display. The Super Bowl tops the list of events driving HDTV purchases. A combination of Super Bowl hype, retailer promotions, and family/friend parties, drives many buyers to make their purchase for the big game.

Thirteen percent, representing over 2 million units, is really only the tip of the ice berg because the Super Bowl undoubtedly was a contributing factor in the purchase of many more HDTVs.

III. Media Consumption and the Sports Fan

As noted previously, HDTV owner sports fans invest heavily in technology and media consumption. Figure 7 highlights the key differences in media consumption between sports fans and non fans. Sports fans spend 37% more time watching television programming and DVDs.

When analyzing television viewing data relative differences are more important than the absolute figures. Consumers often cannot recall with a high degree of precision the exact number of hours of television programming viewed. Issues such as multitasking (e.g. making dinner with the TV on in the background) or channel surfing instead of sitting for a single 60 minute program contribute to over or underestimates of television viewing. However, consumers can generally indicate whether they watch one type of programming more or less than another (e.g. more news than documentaries, etc.)

Sports fans report watching sports programming the most frequently, followed by movies, dramas, and news. Conversely, non sports fans watch the most movies, news, dramas and DVDs. The profile for men and women differ as well. In rank order, womens' preferred programs include news, movies and dramas (tied), and sitcoms and comedies (tied). Men most prefer to watch movies, sports, DVDs, and news.

Figure 7

Media Consumption

	Sports Fans	Non Fans	Sports Fans	Non Fans
	Hours Per Week		% Viewed in HD	
Sports	6.2	1.4	49%	37%
Movies	5.1	4.7	39%	32%
Dramas	4.7	3.8	36%	30%
News	4.7	4.0	34%	29%
Comedies	4.6	3.6	32%	28%
DVDs	4.4	3.7	----	----
Sitcoms	4.2	3.5	34%	29%
Documentaries	3.2	2.9	30%	26%
Total	32.4	23.6		

29% of Sports Fans say HD programming **ALWAYS** or **OFTEN** impacts their decision to watch.

Q12: How many hours, if any, do you spend during a typical week watching the following programming?

Base: 481 HDTV owners

As more high-definition becomes available, viewers grow accustomed to a high-resolution picture and become reluctant to watch anything less. Among all content genres, sports ranks highest for likelihood to be watched in high-definition. Even among the limited amount of sports consumed by the non fan, a relatively high percentage is watched in high-definition.

Consistent with the single specific event (Super Bowl) most likely to drive HDTV sales, HDTV owner sports fans rank the Super Bowl as their favorite event to watch in high-definition. With a few exceptions, such as the NBA finals moving up or the World Series moving down slightly, the 2006 top ten list remains fairly consistent with the 2005 study. It should be noted that the timing of the study as well as the teams involved impacts the results. Conducting the survey in early December in the heart of football season probably increases the likelihood that a viewer will rank a football event higher. Fielding the study in late spring/early summer may result in a bump for the NBA Finals or the NHL Stanley Cup.

Figure 8

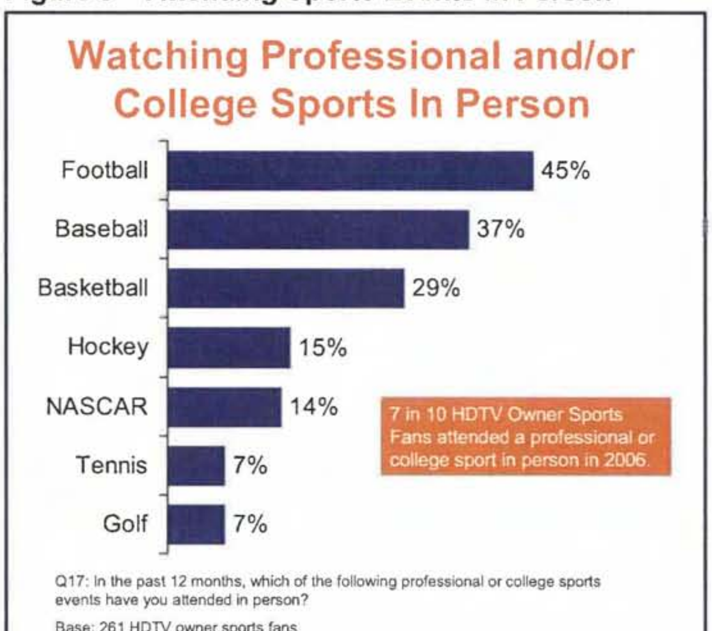
	2006 Top Ten		**2005 Top Ten**
1).	Super Bowl	**1).**	Super Bowl
2).	College football bowl games	**2).**	World Series
3).	World Series	**3).**	College football bowl games
4).	NBA Finals	**4).**	NCAA College Basketball Tourney
5).	NCAA College Basketball Tourney	**5).**	Daytona 500
6).	Daytona 500	**6).**	The Masters
7).	Olympics	**7).**	NBA Finals
8).	The Masters	**8).**	NHL Finals
9).	NHL Stanley Cup	**9).**	U.S. Open (tennis)
10).	World Cup	**10).**	NHL Stanley Cup

Q15: What are your favorite sporting events to watch in high-definition?
Base: 263 HDTV owner sports fans

In addition to the top 10, viewers submitted a range of other niche sports events which they rated as their favorite. These include: extreme sports, boxing, paintball, rugby, ultimate fighting championships and a few others. For sports leagues and broadcasters the message is clear: niche sports may have relatively small audiences, yet the fans are very passionate, devoted and often willing to pay a premium to see their sport.

Men and women share the same basic top 10: both rank the Super Bowl number one. Key differences exist for two sports however. Women's interest in the Daytona 500 and the Olympics ranks higher then men. The rank

Figure 9 – Attending Sports Events in Person



order among different age groups is relatively consistent as well.

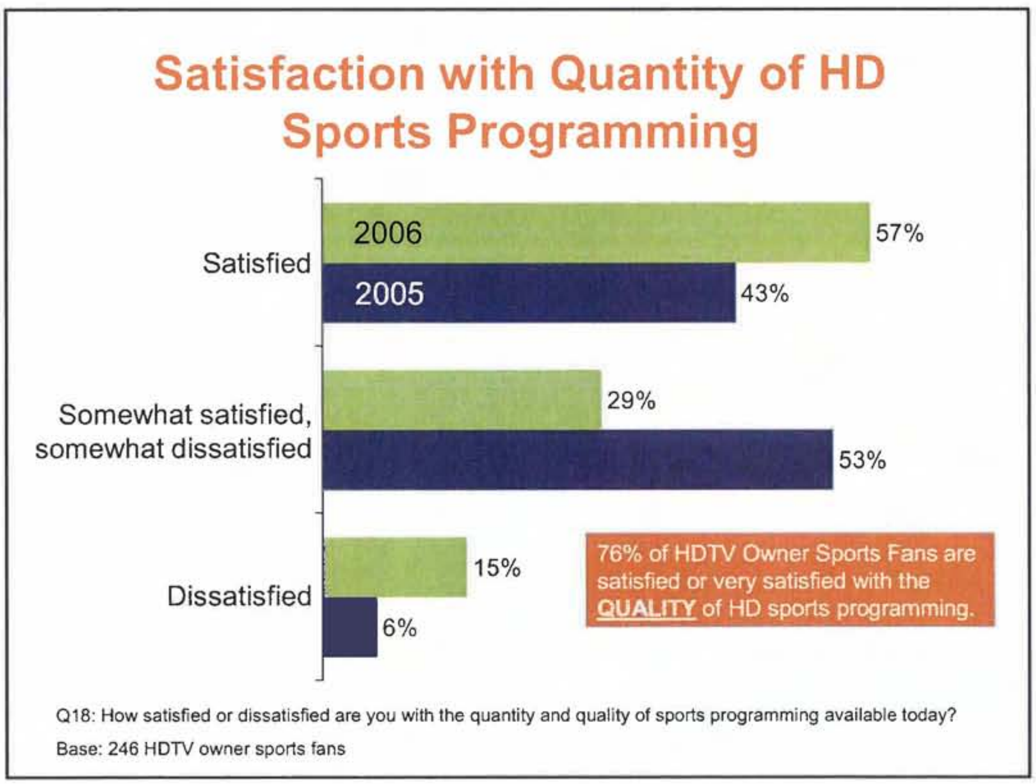
Because not all sporting events are broadcast in high-definition, sports fans eagerly await the day when several key events can be watched in the same way many of their other favorite sports are broadcast. The Indy 500 (37%) tops the list of most eagerly awaited high-definition event, followed by Wimbledon (23%), X Games (21%), the British Open (9%), or something else (11%). Among the 18 – 34 year old segment, the sweet spot for many advertisers, the X Games ranks especially high (36%) relative to other segments.

IV. Satisfaction with the Quantity and Quality of HD Sports Programming

Networks and cable/satellite providers continue to work hard to meet consumer demand for high-definition content. As a result, year-over-year satisfaction (very satisfied + satisfied) with the quantity of sports programming jumped 13 percentage points. Interestingly, dissatisfaction also increased from 6% to 15%. This is likely another sign of rising expectations. As HD viewers begin to enjoy the bulk of their content in high-definition they come to expect all content in high-definition. This also reflects the adoption of HDTV among the broader mainstream market that may follow one of the niche sports (e.g. extreme sports or Ultimate Fighting Championships) referenced earlier. The dissatisfaction may be directed toward a lack of programming in a specific niche sport rather than sports in the aggregate.

On the quality front, three of four sports fans say they are satisfied (very satisfied + satisfied), a rate similar to 2005. Men and women share similar ratings for quantity and quality.

Figure 10



Most sports fans receive their sports content via cable or satellite delivered nationally. This is supplemented by local or regional sports networks such as YES in the New York area or Comcast SportsNet Mid Atlantic, based in Washington, DC. Because not every market has a local sports network or the broadcast is limited, many HDTV viewers are unaware of what and how their local sports network delivers its content. Among all HDTV owners, 40% say their local sports network broadcasts in high-definition, but an even greater percent (47%) say they don't know. Among those aware of their local sports network broadcasting in high-definition, 76% are satisfied with the quantity of sports broadcast.

The Voice of the HDTV Owner

While HDTV owners report high levels of satisfaction with their purchase, areas for improvement always exist. The following verbatim comments highlight some of these key areas:

"More HDTV programming."

"Being able to watch college football games not in my region of the country."

"Lower the cost of cable services."

"I am a big fan of Wisconsin Badger football & Basketball in addition to Packer football. Right now the only games I receive in HD are the games televised on ESPN. It would be great if I could get all regular season games in HD."

"I would like to see Soccer in high definition and the Paintball Championships for ESPN."

"If you could split screen and watch 2 games in high def at once on the same set."

"More channels available, and more events listed!"

"Polling fans in the audience and showing their opinions."

Q24: What, if anything, would enhance your experience watching sports or any other type of programming on your HDTV?

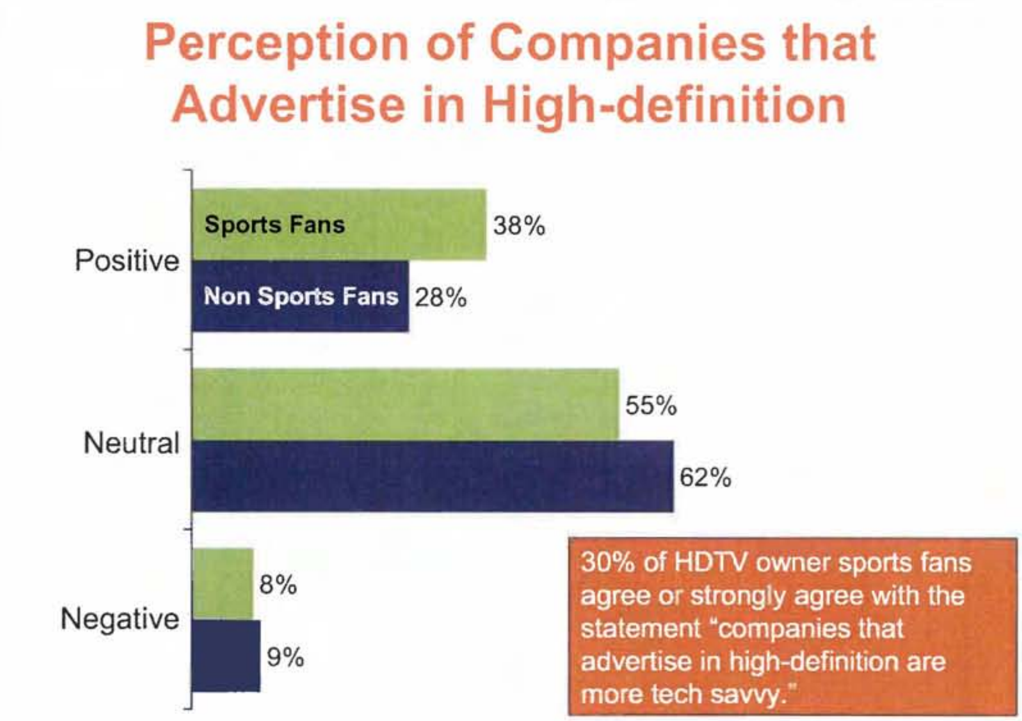
V. The Television Commercial Conundrum?

Although many viewers don't (or don't like to) think about the connection between television commercials and programming, the relationship exists and has a significant effect on television enjoyment, television viewing behavior, and television economics. According to one industry consulting firm, TV ad revenue is forecasted to hit $52 billion in 2010, averaging 7% annual growth[8]. Despite the healthy predictions, the TV ad model is in a state of discovery (or rediscovery) due to new competitive pressures, new technologies, new consumer behaviors, and lastly, high-definition television.

Previously in this report, it was noted that a substantial number of sports fans place considerable weight on a program's high-definition status when deciding what to watch. With that in mind, do viewers notice and/or care about a TV commercial's high-definition status? Based on Figure 11, the answer appears to be yes. Thirty-eight percent of HDTV owner sports fans view companies that advertise in high-definition more positively than those that don't. Nearly 1 in 3 sports fans believe companies that advertise in high-definition are more tech savvy.

> ***Truth be told, many viewers dislike all commercial interruptions so the fact that 38% rate HD advertisers more positively speaks volumes to the potential of reaching customers through differentiation and a more compelling 30 second spot.***

Figure 11



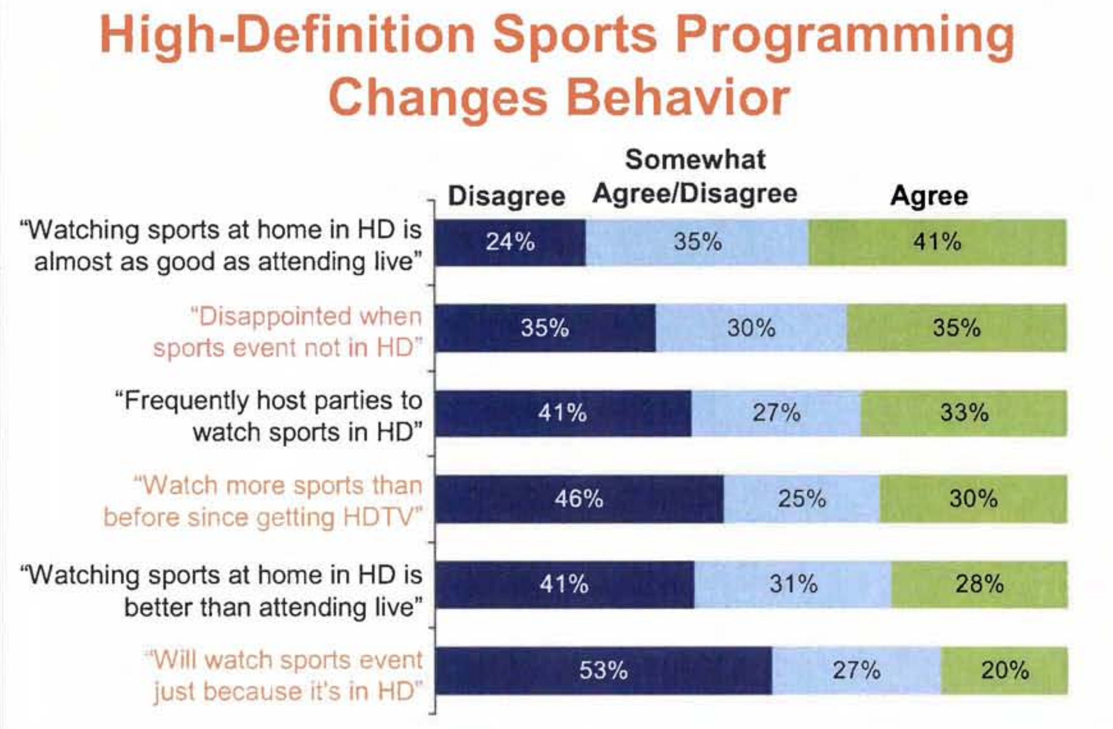
Q32: What is your perception of companies that produce their television commercials in high-definition?

Base: 453 HDTV owners

VI. HD Programming Has Changed and Will Continue to Change Behavior

One of the ultimate signs of a technology's impact is how much or how little it changes consumer behavior. High-definition television has changed the value proposition of the living room, elevating its stature relative to the alternatives.

Figure 12



Q22: How much do you agree or disagree with each of the following statements?

Base: 264 HDTV owner sports fans

Nearly half (41%) of sports fans agree or strongly agree to the statement "watching sports at home in high-definition is almost as good as attending the game in person." Moreover, 28% agree that home viewing is *better* than attending live. What does this mean? First, the results reflect the quality of the experience consumers can now achieve in their living rooms with a high-definition display and surround sound audio.

Do women value the in person sports experience more than men? Women are more likely than men (38% vs. 20%) to strongly disagree to the statement "watching sports at home in high-definition is almost as good as attending the game in person." While men attend sporting events at a higher rate (males were 38% more likely to have attended in 2006), the data suggests women are more passionate about attending in person when they want to enjoy sports.

Secondly, it sheds light on why many consumers express a willingness to substitute the home experience for the in-person experience. The Total Market Report (TMR) calculates a fan cost index, which estimates what an average family of four can expect to spend attending regular season games of major sports leagues. To attend one game of each sport costs a family $1,023. In comparison, the Consumer Electronics Association expects wholesale prices of digital televisions to average $901 in 2007. Unless you receive HDTV from an over-the-air antenna, yearly cable or satellite fees will add at a minimum another $500 to the cost of enjoying high-definition content on an HDTV (according to the National Cable & Telecommunications Association, the average monthly cost of basic cable in 2007 will be $42.76, although there is typically an additional charge for HD programming). For many families, relative cost differences for home viewing and in person viewing pose an interesting cost/benefit scenario.

For diehard sports fans, nothing compares to the excitement of attending a live sporting event. But at the margins, the home experience will challenge the in person experience.

Figure 13 – TMR's Fan Cost Index[10]

	Average Ticket Price	% Change	Average Cost for Family to Attend*	% Change
NFL (2005 season)	$58.95	7.88%	$329.82	5.64%
NBA (2005 season)	$45.28	2.10%	$263.44	1.20%
NHL (2006 season)	$43.13	3.70%	$258.08	3.20%
MLB (2006 season)	$22.21	5.36%	$171.19	4.13%
		Total	$1,022.53	

*The Fan Cost Index™ comprises the prices of two (2) adult average-price tickets, two (2) child average-price tickets, two (2) small draft beers, four (4) small soft drinks, four (4) regular-size hot dogs, parking for one (1) car, two (2) game programs and two (2) least expensive, adult-size adjustable caps. Average ticket price represents a weighted average of season ticket prices for general seating categories. Source: Team Marketing Report (TMR).

The other notable take-aways from Figure 12 include the percentage of sports fans watching more sports since getting HD. Keeping in mind that sports fans already start from a high base of sports viewing, increasing their consumption even higher further reinforces the compelling nature of HDTV. Men and women share an equal rate of agreement to the "watch more sports" statement at 19%.

VII. DVDs Got Game

According to Video Business, U.S. consumers purchased a total of $15.65 billion worth of DVDs in 2006, up 4.6% over 2005[9]. With the addition of the disc rental business ($7.39 billion), total DVD revenues often eclipse the original theatric release.

Movie DVD ownership is now nearly ubiquitous among HDTV households. TV series on DVD, at 46% ownership, generates substantial revenue as well. Focusing on the sports category, one in

Figure 14 – DVD Ownership Rates

	HDTV Owner Sports Fan	HDTV Owner Non Fan
Movie DVD	93%	94%
TV series on DVD	45%	46%
Sports highlight DVD	25%	3%
Other sports DVD	19%	0%

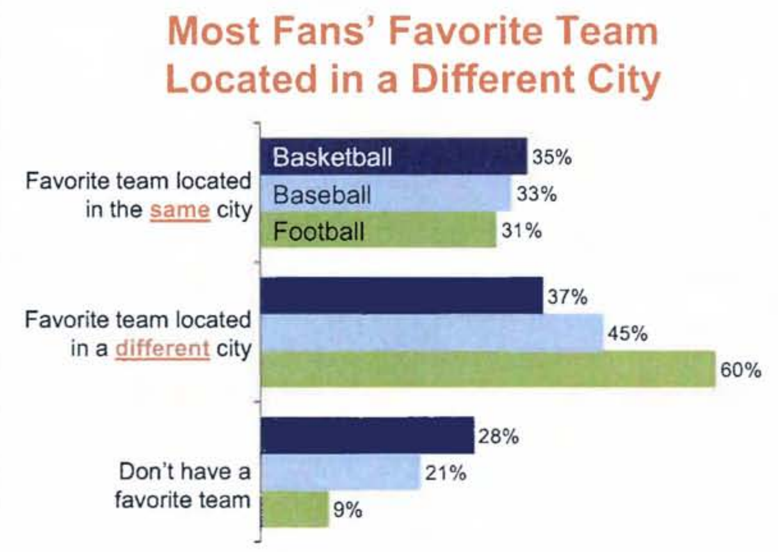
Q25: Which of the following types of DVDs, if any, do you own? Base: 466 HDTV owners four sports fans own some type of highlight DVD, such as a Super Bowl highlights disc. To put into dollar terms, if each of the 25% purchased just a single DVD at a $25 price point, sales would exceed $100 million. Given the devotion of many sports fans to their teams, it's fair to say many probably purchase every highlights DVD they can get their hands on, thereby, catipulting revenue even higher. The "other sports DVD" category may include instructional videos, fitness videos, or even sports themed movies.

VIII. Out of Sight, But Not Out of Mind

Americans are often on the move, whether it's in search of employment, a warmer climate, a lower cost of living, or educational opportunity. As a result, they often become geographically separated from their favorite sports teams. Of course, moving is not the only reason for separation. Some fans decide to follow teams located outside their area for a variety of reasons (e.g. favorite player, team of parents, etc.). Or, a city or region may not have a professional sports franchise. Regardless of the reason, the numbers of fans supporting out-of-town exceeds the number of fans supporting in-town teams. The situation is especially prevalent for football, where a remarkable 60% of sports fans follow an out-of-town team compared to 31% that follow an in-town team. For many, the desire to maintain ties to one's roots is strong and where there is demand for a solution the market responds accordingly.

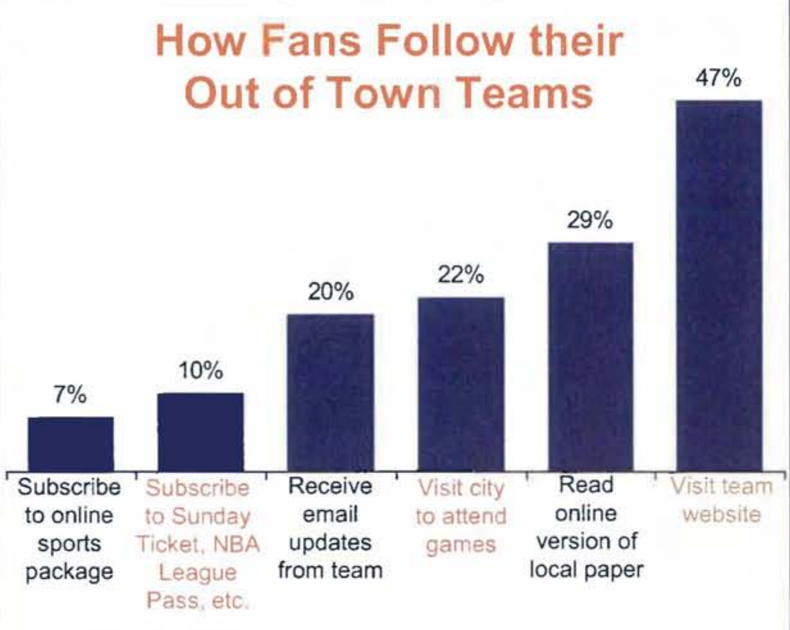
Once a significant obstacle, geographic distance has been neutralized thanks to the Internet and a host of other technologies and services. The greatest number of fans rely on the

Figure 15



Q30: Where is your favorite team located?
Base: 259 HDTV owner sports fans

Figure 16



Q31: How do you follow your team?
Base: 175 HDTV owner sports fans that have a favorite team located in different city

Internet (47%) to maintain a connection to their team. News sites, fan sites, gear shops, blogs, and video download sites allow fans to follow, support, and interact with their favorite team and fellow fans.

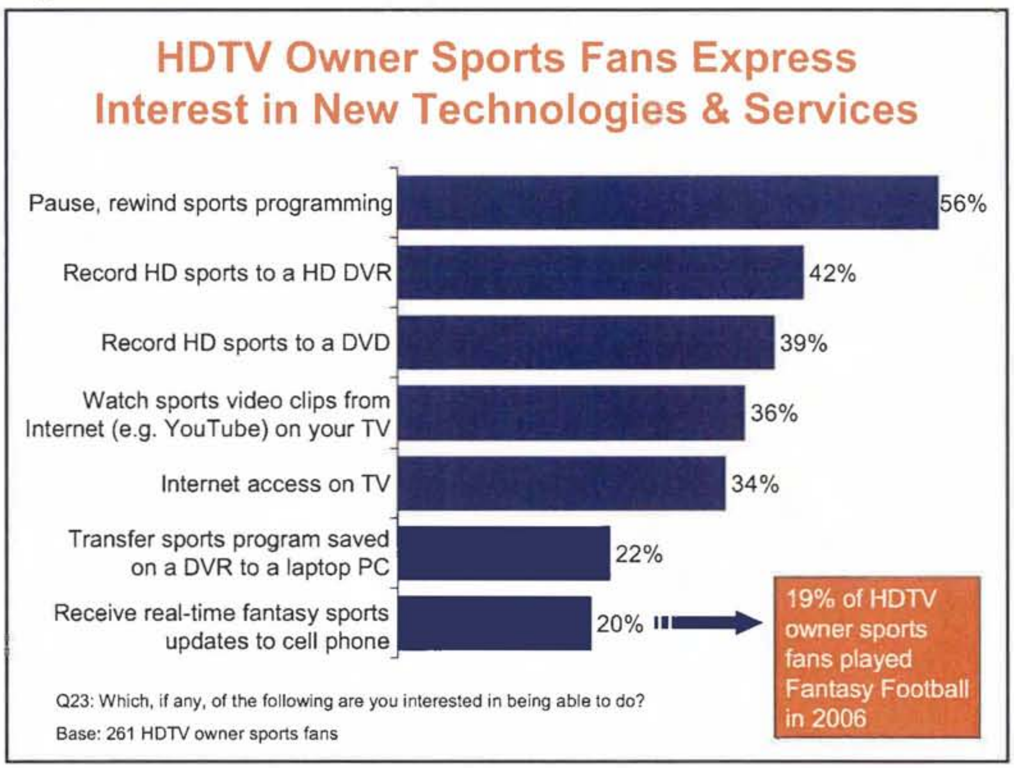
At the other end of the spectrum, 7% of sports fans subscribe to some type of online sports package. Examples include the NFL team highlights of weekly games sold on iTunes or MLB's online radio broadcasts of games package. Although relatively few fans subscribe to these services today, more content, more broadband homes, and more ways to bridge the PC – home entertainment (TV, stereo, etc.) gap will lead to greater adoption over the next few years.

Not included in the aforementioned chart, but evaluated separately, sports fans also visit bars and restaurants to watch games, sometimes because they cannot get the game at home. Nearly half of HDTV owner sports fans watch games at a bar or restaurant at least occasionally (16% always or often). It's not uncommon for fans to have a favorite watering hole to cheer on their team with like minded enthusiasts. With the introduction of HDTV, a new variable now factors into the decision. Sixty-eight percent of sports fans say the quality of TV/quality of picture significantly or somewhat influences their decision to watch a game at a bar or restaurant. Alternatively, establishments not upgrading to HDTV risk losing patrons to competing locations with better TVs.

Interest in New Technologies and Services Signal Changing Times

Because HDTV owner sports fans adopt technologies faster than other segments, they provide clues to better understand demand for future and emerging technologies and services. While certainly not a new technology, DVR devices have yet to penetrate mainstream adopters. Sports fans already own DVRs at high rates because the nature of fast action sports lends itself to pausing and rewinding. Several high-def DVR options exist and more are sure to follow. Figure 17 suggests many sports fans will upgrade to the high-def DVR option in time.

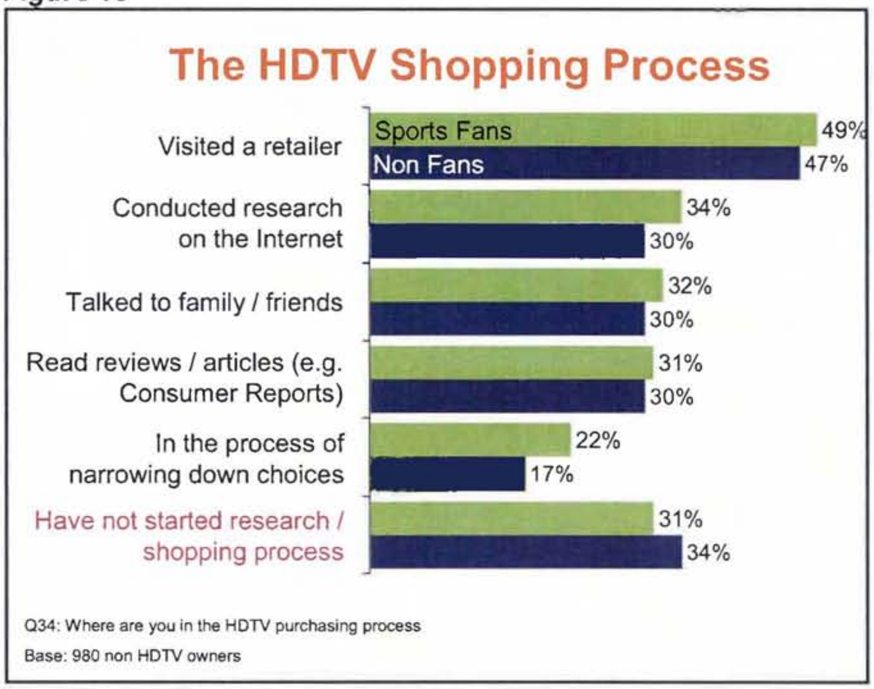
Figure 17



IX. The Next Wave of HDTV Buyers

Forty-eight percent of non-HDTV owners expect to purchase a high-definition display within two years. Nearly identical to existing owners, 58% of expectant buyers, representing about 24 million U.S. households, consider themselves to be sports fans. Using the sports fan classification as the basis for comparison reveals that each segment is positioned similarly in the HDTV shopping process. Among all expectant buyers, 78% have engaged in some type of research.

Figure 18



For the most part, shoppers have been able to find answers to their questions. Overall, 56% say all or most of their HDTV questions have been answered. The remaining segment may not have started the shopping/research process yet, which helps explain why few of their questions have been answered.

Sports fans demonstrate a greater enthusiasm for their HDTV purchase as reflected in their greater time investment in researching/shopping. Compared to non fans, sports fans report a higher percentage of their questions answered (61% vs. 50%).

Figure 19 – % of Questions Answered Among Expectant HDTV Buyers

	Sports Fans	Non Fans
All questions answered	22%	14%
Most questions answered	39%	36%
Some questions answered	28%	36%
Few questions answered	10%	14%

Q35: How many or how few of your HDTV questions have been answered?
Base: 666 Expectant HDTV owners

The Voice of the Expectant HDTV Owner
The following verbatim comments highlight some of the key questions of expectant HDTV buyers.

"How do I know which make has the best picture?"

" What is the difference between LCD and Plasma?"

" What devices can I connect directly into the TV?"

"Can you still view programs that are not in the HD format?"

"What programming choices are there? Will there be greater variety available soon?"

"Since I already have Comcast digital cable, what extra fee will I have to pay when I purchase a HDTV?"

"Why is there such a huge difference in prices for the same size screen?"

"What attributes should I be most concerned about regarding picture quality?"

"Does HDTV have the same life expectancy as a regular TV?"

"Can a particular model be used without subscribing to cable or satellite TV service?"

"What does HDTV compatible mean?"

"What TVs are the best for video game compatibility?"

"The main thing I want to know is about repairs...expensive or not?"

Q36: What HDTV questions are you still trying to get answered?

Figure 20 – HDTV Purchase Expectations

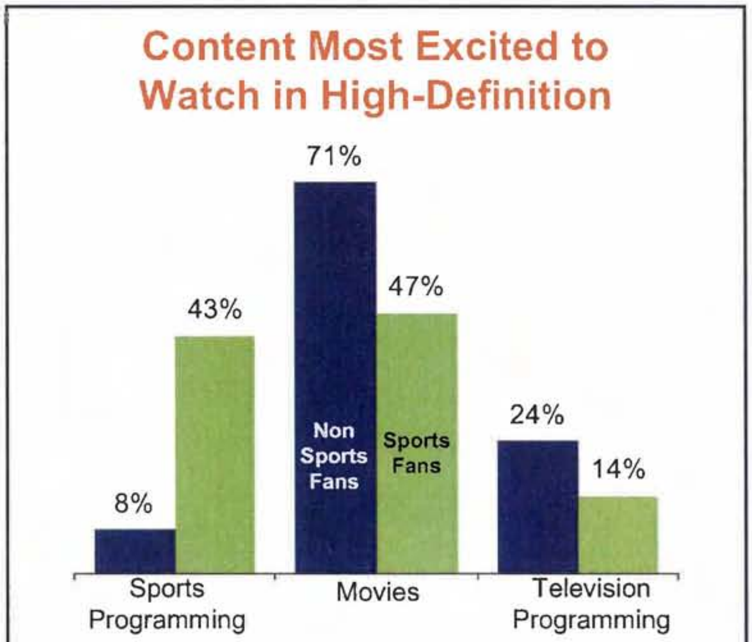
- Expectant HDTV buyers sports fans and non fans overwhelming expect to purchase a flat panel display.
- Both segments expect to purchase display technologies (e.g. plasma, LCD, DLP, LcoS, etc.) in the same proportions. Overall, 43% expect to buy a plasma, 42% LCD, 13% LcoS, and the remainder, something else.
- Sports fans expect to purchase larger displays than non fans (55% want 50"+ display vs. 43% of non sports fans).

While the next wave of HDTV buyers rate themselves as sports fans at the same rate as existing owners, the segment is slightly less passionate about sports.

Put another way, the next wave of buyer places more emphasis on a broader and more balanced mix of content.

For manufacturers and retailers this means a dual strategy of promoting the sports experience, complemented with an equally amazing movie and television programming experience.

Figure 21



Q40: What are you most excited to watch in high-definition?
Base: 920 Expectant HDTV buyers

Figure 22 – Sports Events Expectant HDTV Owners Are Most Excited to Watch in HD

	2006 Top Ten		2005 Top Ten
1).	Super Bowl	1).	Super Bowl
2).	College football bowl games	2).	Olympics
3).	World Series	3).	College football bowl games
4).	NBA Finals	4).	World Series
5).	NCAA College Basketball Tourney	5).	The Masters
6).	Olympics	6).	NCAA College Basketball Tourney
7).	Daytona 500	7).	Daytona 500
8).	NHL Stanley Cup	8).	NBA Finals
9).	The Masters	9).	U.S. Open (tennis)
10).	U.S. Open (tennis)	10).	NHL Stanley Cup

Q41: Which sports events are you most excited to watch in high-definition?
Base: 535 expectant HDTV owner sports fans

- Thirty-eight percent of expectant HDTV owner sports fans watch games in a bar or restaurant at least occasionally. Fifty-nine percent indicate the quality of television and the picture quality influences their decision of which bar or restaurant to visit.

- Thirty-four percent of expectant HDTV owner sports fans played fantasy football in 2006. Anecdotally, the vast majority of fantasy football participants say the activity contributes or greatly contributes to their enjoyment of the NFL football season.

Conclusions

The list of those benefiting from sports is long indeed. Sports impact technology adoption, media consumption, and consumer behavior. Manufacturers and retailers have certainly been on the receiving end of increased sales of CE products, most notably HDTV, thanks to sports. Across the board, HDTV owner sports fans own more CE products than their non fan counterparts and the general population. Sports fans value a great picture, great sound, an interactive gaming experience, portability, and recordability to name just a few examples.

In a mutually beneficial relationship, a large base of consumers with devices to access more and better sports content allow sports franchises, broadcasters, and advertisers to capitalize on new and better ways to reach enthusiastic fans. In the case of HDTV, the data suggests sports fans watch more television, some of it programming they otherwise would not have watched, thanks to a high-def picture, thereby further benefiting those in the business of creating and delivering content.

So far so good, right? Yes, but...opportunities and challenges always loom.

Opportunities & Challenges:

- More HD sports content is needed, especially in the niche sport categories. Satisfaction with the quantity of HD sports programming jumped 14 points since 2005, a step in the right direction for sure, but that still leaves 43% of sports fans at least partially dissatisfied. The lack of HD programming is especially true for several of the second tier sports, such as extreme sports or soccer (in the U.S.).

- Redoubling efforts to promote "HD sports" as an experience leaps and bounds above standard definition sports will lead to new fans. Seek opportunities to introduce or reintroduce fans to sports they typically don't watch on TV (e.g. HD hockey – not your father's hockey).

- Advertisers can differentiate themselves with high-definition commercials. The data suggests that viewers will notice and view the move positively.

- The "in home" viewing experience has become so good that it may threaten the "in person" experience. About 3 in 10 sports fans now believe watching their favorite sports at home in HD is better than attending the game in person. Competition almost always benefits the consumer, but it does create challenges and opportunities as business models will need to adapt.

- Fans often do not reside in the same city as their favorite sports team. Technology has helped to address this issue, providing new mechanisms to follow and interact with favorite teams. Those in the content creation (aka sports franchises) business, the content delivery business, and advertisers will face many tough decisions regarding how to sell their "product" to fans. History has shown that technological innovation will march on, and those that play it safe often fall behind.

- The next wave of HDTV buyer is also sports enthusiast. However, this group of more mainstream buyer places more emphasis on a broader and more balanced mix of content. Retailers and manufactures should keep this in mind in merchandising and promotions.

Reference Citations

[1] Street and Smith's Business Journal, www.sportsbusinessjournal.com.

[2] National Sporting Goods Association (NSGA), Sports Business Journal, Forbes and the NFL.

[3] National Sporting Goods Association (NSGA), ESPN, Forbes and MLB.

[4] National Sporting Goods Association (NSGA), ESPN, Forbes and the NBA.

[5] National Sporting Goods Association (NSGA), ESPN, Forbes and the NHL.

[6] PGA, ESPN and Forbes.

[7] NASCAR, ESPN and Forbes.

[8] *"Consultants see TV ad dollars growing 7% a year."* USA TODAY, July 21, 2006.

[9] *"DVD Spins Bigger Coin."* Article by Jennifer Netherby, January 5, 2007. Figures from Video Business research based on Rentrak Corp. data.

[10] Team Marketing Report (TMR), www.teammarketing.com.

Exhibit 8

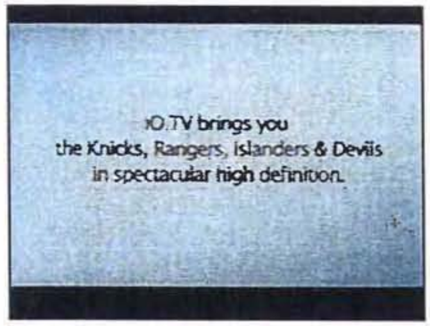
Competitrack

Advertiser: Cablevision Industries
Product: iO HD
Title: Free HD
Ad Code: CABVCA-1332

First Date: 03/01/08
Source: New York City
Length: 30
New/Recut: New

(Music)

VOICE OVER: iO TV brings you the Knicks...



Rangers, Islanders and Devils in spectacular...

high definition.

iO delivers all the HD games of all 9 NY area teams.

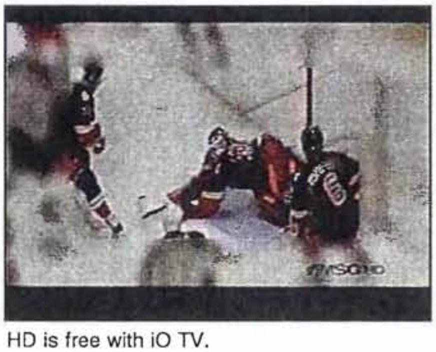
(Crowd cheers and player scores)

You won't get them all...

with phone company TV.

iO offers the most free HD anywhere and best of all...

Text: An HDTV and HD digital cable box (at monthly charge) required to receive HD programming. Customers get all HD programming in their package at no additional cost. ©2008 CSC Holdings, Inc.



HD is free with iO TV.

Call 1-866-949-HDTV today.

Text: optimum.com

(Fade out)

Text: It's Optimum, or it's not.

Exhibit 9

No one has more NY sports in HD than iO TV.®

With iO TV, every pixel in your HDTV will give you 110% every game. Because no one gives you more NY sports in HD than iO TV. Catch the Knicks, Rangers, Devils, Nets, Islanders, Giants, Jets, Yankees and Mets all in spectacular High Definition. iO TV brings you over 65 HD channels free. Incredible HD picture. Awesome HD sound. When it comes to HD, the place to be is iO TV.

1.866.948.HDTV iO® optimum.com

AD CODE: CABVCA-1585 SOURCE: Long Island Newsday-DEC 10 08

Exhibit 10

Competitrack

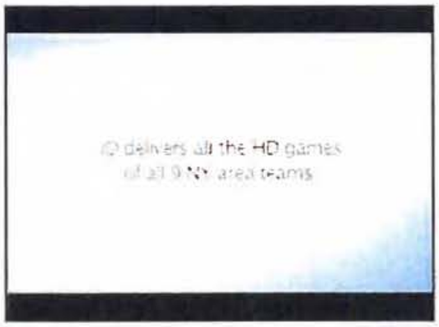
Advertiser: Cablevision Industries
Product: iO Digital Cable Service
Title: Islanders And Devils
Ad Code: CABVCA-1604

First Date: 01/04/09
Source: New York City
Length: 30
New/Recut: New

(Music)

VOICE OVER: iO TV brings you the Knicks, Rangers, Islanders and Devils...

in spectacular high definition.



iO delivers all the HD games...

of all 9 New York area teams.

(Music)

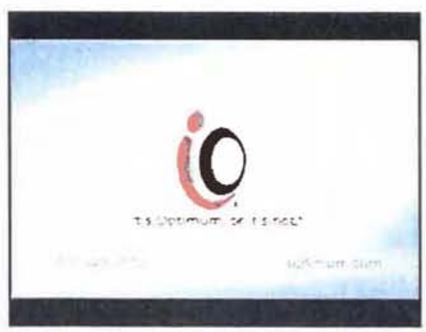
You won't get them all...

with Verizon FiOS, Dish or AT&T.

(Music)

And best of all, HD is free with iO TV.

Call 1-866-949-HDTV today.



(Fade out)

Text: An HDTV and HD digital cable box (illegible) required to receive HD programming. (illegible) all HD programming in their package at an additional cost. Excludes AT&T with (illegible).

Text: optimum.com

Exhibit 11

Competitrack

Advertiser: Cablevision Industries
Product: iO HD
Title: NY Sports In HD
Ad Code: CABVCA-1627

First Date: 02/13/09
Source: New York City
Length: 30
New/Recut: New

(Fade in)
MAN: Do you want to see...

every Knicks game in HD? With iO TV you can.

Verizon FiOS, Dish and AT&T you can't.

Every HD game of the Rangers, iO you can.

Verizon FiOS, Dish and AT&T, no.

Ever HD game of the Islanders, every HD game of the Devils...

with iO you can. Verizon FiOS, Dish and AT&T, sorry.

HD is free with iO...

so if the game is available in HD...

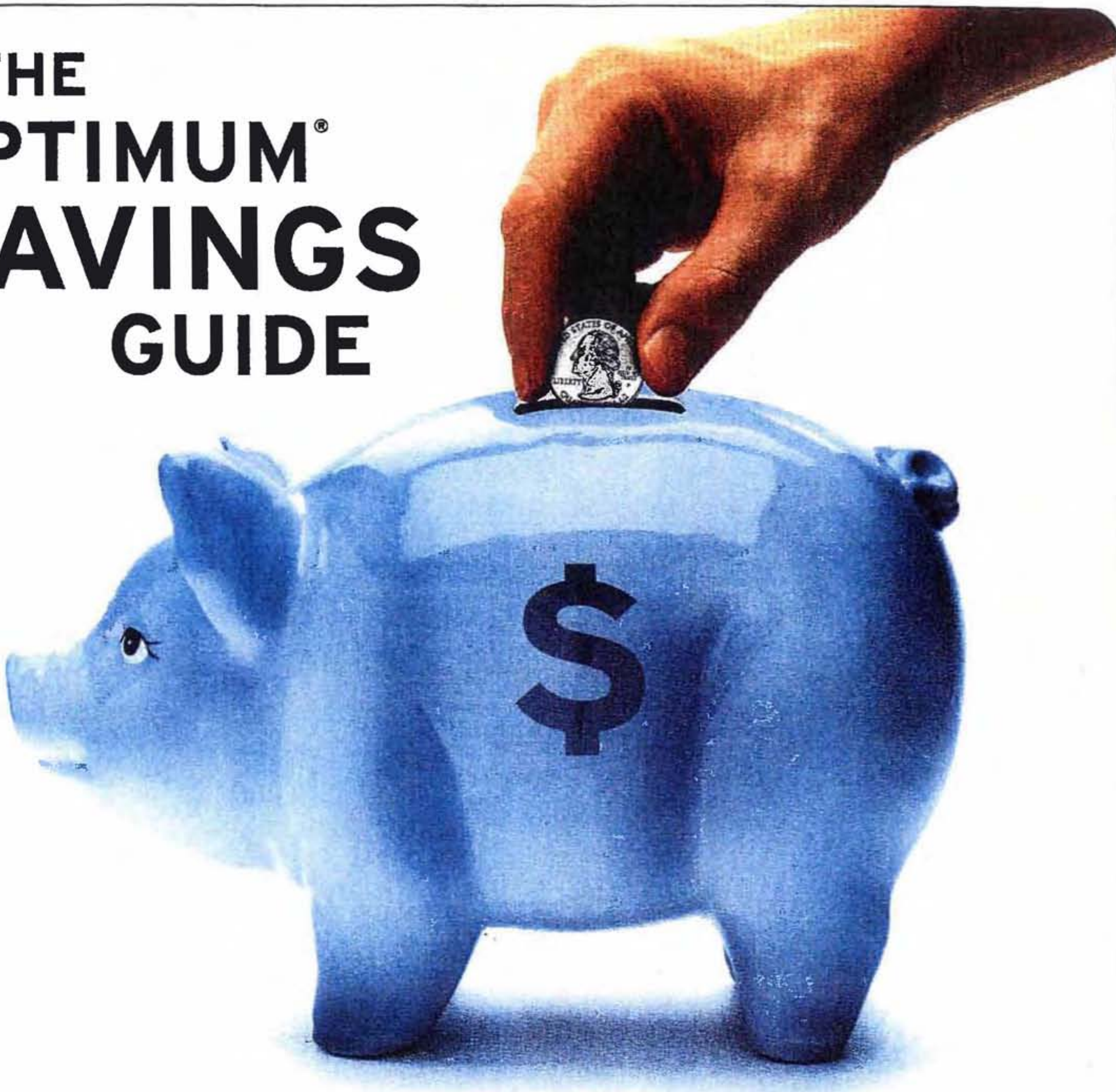
with iO TV you can.

Those other guys, they can't.
(Music)

(Fade out)
Text: HDTV owners can request an HD capable box to receive all the HD channels in their package at no additional charge. Excludes AT&T and Direct TV packages. Certain games may not be provided in HD. See optimum.com for details. ©2009 CSC Holdings, Inc.

Exhibit 12

THE OPTIMUM® SAVINGS GUIDE



SAVE HUNDREDS WITH THE OPTIMUM TRIPLE PLAY

iO TV® + Optimum Online® + Optimum Voice®

Optimum®

optimum.com

THE SAVINGS ADD UP WITH
THE OPTIMUM TRIPLE PLAY

iO TV®

Better Television

Enjoy thousands of movies and shows on demand, plus exclusive local news, weather and much more. Best of all, HD is **FREE** with iO TV. Catch every HD game of all 9 NY sports teams!

$29.95 per month for a year when you get all three together

Optimum Online®

Faster Internet

Rated #1 for speed, reliability and overall in the Cable category in a 2008 *PC Magazine* Readers' Survey.

July 29, 2008 Optimum Online

$29.95 per month for a year when you get all three together

Optimum Voice®

Smarter Phone

Rated #1 for sound quality, reliability and overall in the VOIP category in a 2008 *PC Magazine* Readers' Survey.

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$29.95 per month for a year when you get all three together

Ask about **Optimum Voice® World Call!**

SAVE TODAY 1.866.983.3325 optimum.com

TRIPLE PLAY available to new residential and existing non-video and broadcast basic customers. Must maintain all three services at required levels for promotion term to keep pricing. Installation fee applies. May not be combined with any other offer. A digital cable box, HD digital cable box, or CableCARD (additional charge) is needed for each television set to receive certain channels. Certain services are not available without a digital cable box. Depending on where you live, some or all of your service and equipment rates, plus certain additional charges, may be subject to state and local fees of 0-5.25% and an FCC user fee of 7¢, will be added to your bill. HDTV owners can request an HD-capable box to receive all HD channels in their package at no additional charge. OPTIMUM VOICE is a cable modem service available exclusively to Optimum Online customers. 911 will not operate if you lose power. If you move your modem to a different address, your 911 service will only function properly if you contact customer service before moving. Pricing, offers and terms subject to change without notice. Where available. See optimum.com for details. *PC Magazine* Readers' Choice Award Logo is a trademark of Ziff Davis Publishing Holdings Inc. Used under license.

AD CODE: CABVCA-1646 Source: New York City Capture Date: 12-MAR-09

Exhibit 13

iO TV®

No one has more NY sports in HD than iO TV®.

Incredible HD picture. Awesome HD sound.

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AD CODE: CABVCA-1689 SOURCE: Long Island Newsday-MAY 22 09

Exhibit 14

No one has more NY sports in HD than iO TV.®

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Exhibit 15

No one has more NY sports in HD than iO TV®.

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